

# East Europe

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## HUNGARY

### SZDSZ To Play Role Similar to Western Socialist Parties

25000677C Budapest NEPSZABADSAG in Hungarian  
21 Feb 90 p 3

[Text] The French paper LIBERATION organized a conference jointly with several other French mass media organizations, a few significant West European newspapers, and a few newspapers from Central-Eastern Europe—BESZELO from Hungary. The conference was held in Paris, with the participation of well known politicians. The theme: In what direction is Eastern Europe proceeding?

An interesting debate evolved concerning the future party structure of Central and Eastern Europe. Public opinion polls show that the social democratic parties will exert a significant influence. Alliance of Free Democrats [SZDSZ] Manager Janos Kis commented in the course of the debate, saying that the data are not necessarily true, because they assess primarily the situation in which existing West European parties find themselves. The evolution of the structure of parties will be of extreme importance, because the essential issue is that, along with an identical political and economic structure, the party structures in European states should also be identical. Nevertheless, it is certain that the structure of parties in the Central and East European countries will be somewhat different, Kis said.

The reason for this can be found in part in the fact that the traditional parties which evolved in West Europe in the aftermath of World War II for all practical purposes ceased to exist in the other part of Europe. One cannot tell how they will reestablish themselves, and when they will reach a developmental level commensurate with that of their Western associates, Kis continued. On the other hand, during the past decades new parties have developed in Central and Eastern Europe. These are parties that are responsive to the given situation, and these parties cannot necessarily be compared with the parties of other countries.

Speaking of the Hungarian situation, Kis said that the SZDSZ will play the role of the left-of-center parties, which is usually played by Western European socialist-social democratic parties.

### Independent Country Press Still To Be Owned By MSZP

25000677A Budapest NEPSZABADSAG in Hungarian  
23 Feb 90 pp 1, 5

[Interview with Viktor Polgar, MSZP [Hungarian Socialist Party] spokesman, by K. J. T., place and date not given: "An Independent Country Press!"]

[Text] According to a TV News report yesterday, the Socialist Party will surrender the supervision of daily political newspapers published in the counties. We asked

spokesman Viktor Polgar what we should understand this to mean, and whether the newspapers be given to other parties.

[Polgar] That's not at issue. It is the presidium's aim to render county newspapers independent from influence exerted by any and all parties. For this reason we recommend that small supervisory bodies be formed in the counties, whose function it would be to ensure nonpartisanship. Members of these bodies would be chosen on the basis of a consensus reached by the various parties, quite naturally based on an agreement with the parties that are able to establish an electoral slate in the given county. At the same time, it would be necessary to establish these bodies with the agreement of the local autonomous governments. The editors in chief would be appointed by these nonpartisan committees, even though editorial offices would have veto powers with regard to the appointment of editors in chief.

[NEPSZABADSAG] Accordingly, the newspapers would remain the property of the Socialist Party....

[Polgar] Yes. The issue of ownership has nothing to do with supervision or direction, but the party would be prepared to negotiate the transfer of certain shares of ownership. As long as you mentioned ownership, the recommendation made by the presidium also deals with the future utilization of profits made by the newspapers. According to present perceptions, 20 percent of the profits would be paid to the journalists in the editorial offices, and 20 percent would be allocated for the establishment of a fund to subsidize county newspapers which may register a loss, and publications which do not produce profits. Utilization of the largest part of the profits—40 percent—would be determined by the already mentioned supervisory committee, with the proviso that these funds could not be used directly for political purposes. These funds should be used for public purposes in the area served by the newspaper. On the other hand, the prevailing owner would be entitled to the remaining 20 percent of the profits.

[NEPSZABADSAG] Thus far we have discussed the newspapers. What will the fate of county publishers be?

[Polgar] The publishers would transform, pursuant to local circumstances. The presidium recommends that county newspapers need not necessarily be published by publishing houses that are owned by the Socialist Party. On the other hand, publishers cannot be obligated to publish newspapers, particularly if they wish to formulate a different profile in the meantime. This, of course, means that publishers may decide independently as to what they want to publish, and about the expansion of their activities. On the other hand, one may expect parties to a contract to receive six months notice if a contract is cancelled. Quite naturally, the Socialist Party intends to consult with the editorial offices and the publishers regarding all of these issues, including in the

consultations with the National Association of Hungarian Journalists [MUOSZ] and the Openness Club. It will notify the affected parties in the shortest possible time. This recommendation was motivated by the idea that the county press should actually be independent, and that never again should it be possible to say that the county press serves the ruling party.

## YUGOSLAVIA

### Views of 'Independent' Croatian Coalition Supporters

#### Ideas, Life of Savka Dabcevic Kucar

90BA0013A Zagreb DANAS in Serbo-Croatian 16 Jan 90  
pp 14-15

[Article by Mladen Maloca: "Croatia's Prima Donna"]

[Text] Last fall, when about 200,000 citizens of Zagreb gathered in the city's Republic Square and sang Hora's "Last Rows of Croatia," the new symbol of ethnic identification, the recollection of many people went back 18 years to when an equally large crowd euphorically chanted and applauded Savka Dabcevic Kucar, who at that time was chairwoman of the Croatian League of Communists [LC] Central Committee [CC]. Savka, as the populace referred to the chairwoman of the party out of intimate affection, was shown at that time in all her glory, receiving the treatment of the prima donna of Croatian politics. From today's distant vantage point, those were dramatic and exciting times, and there is no doubt that one of their distinctive features came from the new names which emerged on the political scene. Both in Croatia and in Yugoslavia at large there was a political wave that displayed the sensibility of the new times whose interpreters showed less and less patience for what had come before them, out of a desire to realize the future immediately, here and now, according to new standards and criteria. Savka Dabcevic Kucar occupied the most distinguished place in that group, and in Croatia she was turned into a leader whose name was chanted in the streets, in stadiums, and in gatherings of people (as today's rallies were called then). A professor of economics in the School of Economics at Zagreb University who virtually overnight shot up into top-level politics, she then achieved those heights of popularity at which in politics one easily loses the solid ground so necessary under one's feet and the possibility of distinguishing dream and reality, the desired and the possible.

Today, Savka Dabcevic Kucar peacefully spends her days of retirement at the age of 68 drawing up the balance of her political career, which will be presented in a book of memoirs and an analysis of the time in which she was active. Having left the political stage following the meeting in Karadjordjevo, she also avoided the spotlights of an always curious public. Nevertheless, after 18 years of Greta Garbo silence even she, among the last, to be sure, of those who were cast into political anonymity following Karadjordjevo, decided to speak

and attempted in an interview with Josip Jovic for NEDELJNA DALMACIJA to answer his question as to how she perceived the seventies and their stormy denouement. Her emergence is certainly an event which will draw both political attention and the attention of the media, but even that in its way says something about the time of one way democracy in which there was little space for pluralistic opinions and modes of behavior, even when the bare defense of one's own person was in question. It is likely that this interview will not produce sensational discoveries any more than the previous ones have, but as the testimony of a politician who created the seventies, it will be another step toward clearer examination of everything that occurred in those years. Even today, there are controversial judgments of them circulating in that some people perceive them exclusively as yet another outburst of Croatian nationalism, while others see in them evidence of the beginning of a break with the old model of socialism and an opening up of room for its democratic variant. The personality and the role of Savka Dabcevic Kucar—who according to some people is the embodiment of the nationalistic nature of the Croat, while according to others is the consummate intellectual who detected in time the defects of a worn out model of socialism, but who did not manage to withstand the challenges of political power and fame—falls between those two extremes. Many of those with whom I have spoken about that time, including collaborators at the top level of the party with whom she began to part company considerably before the showdown in Karadjordjevo, will say that neither Savka nor Miko can be called nationalists, interpreting their political behavior and permissiveness toward the obviously nationalistic manifestations as an attempt to realize their own political ambitions. However, independently of the extremes with which both people and events in Croatia in 1971 are measured, it is quite certain that the emergence of Savka Dabcevic Kucar and that entire new generation on the political scene of Yugoslavia was not accidental. It was a product of the times and of circumstances in which the logic of the times had exhausted a particularly political matrix and was seeking a new one that would show more sensitivity to articulating the new.

At that time in Croatia, the old guard of politicians was still dominant, with its surplus of revolutionary and political authority and its deficiency of professional abilities to guide new and profound social changes. Only Dr. Vladimir Bakaric stood out among them with his knowledge and education; he was probably among the first to realize that there had to be a transfusion of new blood to avoid the kind of criticism which was being made, say those in the know, even by Rankovic, asserting to Tito that in Croatia people were still on the scene who time had already left in its wake. Savka Dabcevic Kucar, Dr. Dusan Dragosavac, Pero Pirker, and many others came to the top level of politics at that time, where they joined Miko Tripalo, who was already established. This was a generation which came of age in

the early sixties, when new processes of reform were beginning in Yugoslavia, and it became definitely established in 1968.

Savka was predetermined, so to speak, to assert herself as the leader of the new generation. She was the best educated (she speaks five languages), she studied in the Soviet Union, she did advanced work in the United States and France, she was a professor of economics in a school of the university which at that time was like a training ground for the top names in Yugoslav economic thought. Along with that professional and intellectual superiority, Savka Dabcevic was also distinguished by persistence and immense energy which she displayed in her work. I remember it being said that in one day she had been in three different parts of Yugoslavia. In the morning, she directed the proceedings of the republic Executive Council, then she traveled to a meeting in Belgrade, and by evening she was in her native Korcula. The analyses which she often prepared herself and which actually broke records for their length can serve as evidence of her energy. Those who know her well say that in spite of some of these Germanic characteristics, she had not lost her feminine charm, with which her southern origin had probably endowed her. With her eloquence, which is now legendary, and her American talent for marketing herself, Savka Dabcevic obviously possessed all the characteristics to develop into a major politician. That was probably the assumption of Dr. Vladimir Bakaric, who at that time held the personnel keys firmly in his hands, aware that under the new conditions he would be needing educated and decisive politicians who would know how to call a spade a spade in the disputes between the republics that had already begun.

Yet even the great master who had an innate talent for detecting global social processes and trends (the malicious would as a rule add that this always occurred post festum) was still unable, in spite of his great prestige, to effectively restrain the young lions of Croatian politics who gained a new kind of self-consciousness that was difficult to control when they once arrived at the top. It must have been clear that Savka, with the personal characteristics which she possessed and the abilities she brought to her work, would not consent to live in the dark shadow of Bakaric's unavoidable figure. She needed space in which she would be able to fully express herself and establish herself politically, so that every attempt to reduce her to the mere spokeswoman of powerful figures who would direct and manage political processes from behind the scenes was actually condemned to failure from the outset.

The time of the reform was actually ideal for affirming her professional abilities and political projections. It is said that she made a significant contribution in the effort to prepare the economic reform, but the process of political reassessment in Yugoslavia also brought political challenges with it. After she spent two years at the head of the Executive Council of the Croatian Assembly, Savka Dabcevic was elected chairman of the League of

Communists of Croatia in 1969. That election did not meet with approval everywhere, especially among the older party personnel, who along with a fear of new faces, also displayed a fear about the destiny of the revolution. One of them was General Ivan Gosnjak, who according to certain sources warned that Savka did not have enough political experience and would soon meet her downfall. Another distinguished general, Djoko Jovanic, who at that time was said to be her particular political opponent, also proved to be a good forecaster, regardless of the intentions with which he spoke, when he said on one occasion that it would have been better for Savka if she had remained prime minister, since in that place she had displayed respectable abilities.

The program for social and political reform which she backed was not exclusively her work: The principal strategist was actually Dr. Vladimir Bakaric, but within a sizable segment of the public, intoxicated with arguments about Croatian statehood and taking power away from the alienated centers of financial and political power in Belgrade, Savka's and Tripalo's charisma grew at the expense of Bakaric, whom they accused, sometimes with more and sometimes with less tact, of having made moves that placed Croatia in an adverse and unequal position in the Federation. Today, when one reads Savka's statements, analyses, and speeches, one really gets the impression, as analysts of that period said, that she was in line with the programmatic commitments of the party and that her visions did not leave the framework of communist ideology. But, like certain situations today, negative political energy, which in some places and some cases turned into actual explosions of aggressive nationalism, was accumulating in Croatia at that time around arguments about the unequal position of the Croatian economy and its having been plundered. One can believe the leaders from that time when they say that their intentions were different, but what one remembers is that they were unable to oppose in a politically wise and decisive way those trends which objectively shortened their political life and slowed down the movement of democratic forces in Croatia and Yugoslavia for a lengthy period of time. Nor did Savka Dabcevic Kucar withstand the alluring call of the leader's glory; she was obviously pleased by slogans like the one in Slavonski Brod, which said "Long Live Savka, Queen of the Croats!" As far as we know, she did not react to that obvious evidence of her own popularity, which may indicate that they pleased her vanity, but also confirms the impression that she had lost her feel for political reality, failing to see that she was being drawn into an encirclement from which it would be difficult to extricate herself. And an experienced veteran like Bakaric offered a light-handed warning back in the summer of 1971, in a passing remark that was like him, to the effect that she had gone too far in some respects and should go in reverse at top speed. She had also forgotten a truth that is characteristic of all the old communist parties to the effect that they have room for only one leader, and at that time in Croatia several of them had emerged all at once. The conflict and parting of

the ways with Bakaric were a certainty, as indeed was the final result, since for the old master accustomed to the most diverse trials, the endgame was only a question of technique. He was truly superior in his assessments of the balance of power and realized in time that the balance of power in Yugoslavia did not favor the politics personified by Savka, Tripalo, and their followers. This is perhaps a confirmation of the thesis that the leaders of that time were naive and lacked political experience, believing that they had all the trumps in their hands and that they were running the show. As though they had not noticed that they were becoming more and more isolated, that they had been blocked by all the republics, by the top military and federal leadership, and that Tito was not being left many alternatives for a resolution of the situation.

Savka met her end in politics with apparent calm and the expected toughness, and the text of her resignation is written in the language typical of traditional communist conceptions of self-criticism and acknowledgment of mistakes.

There is no doubt that Savka was one of the first new leaders who came along after the charismatic leaders of the revolution. The shining moments of her career did not last long, and her sudden descent from power was as if created for speculations along the lines of "what if." If someone today wanted to try again to make her a popular leader, he should perhaps heed her advice in NEDELJNA DALMACIJA to the effect that the past should be critically reassessed, but that one should not turn toward it.

#### **Tripalo on Setting Up Coalition**

90BA0013B Zagreb DANAS in Serbo-Croatian 6 Feb 90  
pp 30-31

[Article by Miko Tripalo, retired politician from Zagreb: "Farewell, Bolshevik Comrades"]

[Text]

#### **Saturday, 27 January**

It has been another stormy week full of new events in our country's life. Reflections about them and about what will follow will obviously occupy my attention over the next week. But I promised the editor of the magazine DANAS that I would write a journal. I have little time to write at present. I am beset by newspapermen asking for statements. Friends and acquaintances, indeed even people I do not know, are arriving unannounced for conversations and exchange of opinions. It is as though I am going back to some old time, only this time on my own, without an office, without a driver or secretary, without those who make the coffee and those who carry messages. I am being telephoned from people all over the country and from abroad, representatives of Yugoslavs working abroad. They want me to become politically active, for Savka and me to work to create an opposition coalition and bring the members closer together in their

action programs. What is a man to say to all that? For me today the most important thing is that the memory of the democratic spirit and movement in Croatia has remained in people's hearts. Those who have held the power since 1971 have changed much of that, but they were unable to change the people, just as I said in my last public statement toward the end of November 1971 in Vela Luka.

#### **Sunday, 28 January**

Everyone is preoccupied with the interrupted congress. The old LCY [League of Communists of Yugoslavia] has become worn out and can no longer exist as it has been. I understand the nostalgia of many people for times past, but it could not have been otherwise. If the supreme body of a party in power is unable to keep pace with rapid and tumultuous social changes, if it allows its top leaders to manipulate the delegates in the most base way, if it acquiesces in bullying tactics to impose the will of one of its segments on all the others, if it flagrantly discriminates against some and obviously grants privileges to others, if it does not come out against police state terror, political trials, and the trampling on human rights, if it does not oppose economic blockade in one's own country, then the people does not need such a party, but rather it serves the interests of the bureaucracy or the real socialism that originated with Brezhnev. It is absurd and pitiable that a party which began the struggle against Stalinism under very difficult conditions should stand with Albania as its last stronghold. That Stalinist bastion is most pronounced in the leadership of Serbia and its provinces, but it has its antireform allies in other parts of the country as well. It is a mistake to suppose that this applies only to people in positions of leadership. Don't their followers also include those in the League of Communists who threaten that they will use machine guns to bring down from the speaker's platform all those who think and speak differently? That is, in addition to the reform-oriented and democratic current, the League of Communists has always had in its ranks that dogmatic-conservative current as well, and it has been both in leaderships and also in basic organizations.

The predictions have been borne out that an elaborate program exists to halt the democratic transformations of socialism in our country, to attempt to alter the principles on which Yugoslavia was built, which are the only foundation on which it can exist, toward the goal of a return to a prewar past. This was also made evident at the congress, whose extraordinary nature was intensified by precisely that factor. Slobodan Milosevic wanted to play the principal role, believing that by a kind of putsch he could take into his own hands leadership of the Congress and of the League of Communists of Yugoslavia in the interest of his own autocratic and Serbian-expansionist policy. But that did not work, since that policy and those methods are no longer right for the time we live in. He and his followers did not realize that even when they attempted to bring down the federal government and its reform program, and in doing so they played with the people's patience and its steadfastness in

the face of hardship, using even the cheapest demagogic of concern for the poor and oppressed. It did not occur to them even when they had failed in trying to make Bosnia-Hercegovina, Macedonia, Croatia, and Slovenia "happy" with their own (anti)bureaucratic revolution. And they are not relenting, since to them alone it seems that their formula has been successful in Montenegro, Kosovo, Vojvodina, and in Serbia itself. But the situation is becoming worse and worse in those regions of Yugoslavia. That is why that policy is becoming compromised and isolated both within the country and abroad. This does not mean, to be sure, that similar attempts will not be made again. But now everything is clearly visible. It is for that reason that the breaking off of the LCY Congress had its good aspects. The leaders of the (anti)bureaucratic revolution have received yet another slap from the democratic public of Yugoslavia.

But one must be fair. It is not only the creators of the (anti)bureaucratic revolution who are to blame and responsible for what happened, but also those in the other republics and federal bodies and agencies who kept silent, who yielded and who are still yielding and allowing opportunities to slip by. Their responsibility for what we are experiencing cannot be overlooked nor underestimated.

#### Monday, 29 January

Some people are surprised that I declared concerning the behavior of the Croatian Communists at the LCY Congress that in a way I am proud that I once belonged to that organization. I cannot, nor do I wish to deny my communist past, even for all its mistakes, and there were some. Everyone should know that when they want to determine their attitude toward me. Especially since I belonged to the reform and democratic wing of the League of Communists, which is precisely the reason why I was removed from that organization 18 years ago. I joined the communist movement at a time when you could be executed in short order for that act, not when it could bring you a lucrative position, a high post, and a villa. Today, I am not on a ship in danger of sinking, since I was long ago thrown from it without a life preserver. But I would not like that ship to sink. I would like to see it sail again after an essential updating and refitting without those leaden constraints. A democratic League of Communists has had an essential impact toward developing the pluralistic political scene, and since it is still the ruling party, its democratic role and internal democratic transformation are even an important condition for the functioning of the multiparty system today. That is why my sympathies are on the side of those within it who want to abolish the monopoly leading role of the LC and abolish democratic centralism, who are fighting for the development of a democratic law-governed state, for human rights and freedoms.

Why be afraid that the LCY will be an alliance of republic organizations which join it voluntarily? Why frighten people about the federalization of the party?

Why consider it right to attach to every people's right to self-determination the Leninist-Stalinist supplement about the inevitability of preserving the unity of working class organizations? The right to self-determination, which incorporates the right to create a national state, to secede, and also to join other peoples, must also be reflected in the character of working class organizations. Even our own experience points up the influence which the federal system of a community's government has had on the nature of the League of Communists. Incidentally, there has been talk in our country about the supposed dangers of federalization of the party, but at the same time necessity and social experience have driven its leadership to take steps which signify precisely that. The formation of national communist parties, which began back in 1934, the ever greater independence of the republic organizations, the adoption of parity representation in the bodies of the party at the federal level, and the adoption of certain decisions by consensus demonstrate this clearly. The collapse of the last congress is only the final manifestation of the triumph of the needs of society over lifeless dogmas that are worn out. A voluntary alliance of leagues is an expression of two necessities: First, the League of Communists is only one of the political parties fighting to win the people over, for its own platform and political and social program; second, unity in such an organization can be brought about only voluntarily around several common objectives—without pressure or disciplinary penalties. I know that this has long been difficult for some people to understand and accept, but I am convinced that this is the road that reality is taking, and those who do not realize this will be forgotten.

The echoes are resounding from the plenum of the Croatian LC Central Committee concerning the collapse of the 14th Congress. The pessimistic predictions that the Croatian LC would split along ethnic lines were not borne out. This is very good for Croatia and for Yugoslavia! If anyone wants to be an affiliate of the (anti)bureaucratic revolution and the aspiration for Serbian hegemony, let them say so in public and let people know that. There has also been talk about a split into two parties, one of them socialist, democratic, and reformist and the other Bolshevik-dogmatic. That would not in fact be bad, then the "Bolshevik comrades" would then depart voluntarily into the past.

The delegation of the Croatian LC at the congress behaved with principle and dignity. When the Slovenes left the hall of the congress with every justification, the delegates of the Croatian LC might also have done so. But it was much more correct and politically shrewd to join in the decision to break off the congress by agreement with the delegations of the LC's of Bosnia-Hercegovina, Macedonia, and the YPA [Yugoslav People's Army]. Perhaps during the congress proceedings the delegates of the Croatian LC could have been more decisive and vigorous. But it was not easy to effectively leave behind the opportunism, vacillation, and silence in advance of their own republic congress (more power to

those rare individuals, some of whom subsequently failed to pass through the "personnel screen").

**Wednesday, 31 January**

An interesting piece of news! Cicak nominated Savka on behalf of the HSS [Croatian Independent Party] for president of the Presidency of Socialist Republic Croatia. To be sure, I do not know what connection the tireless party organizer Cicak has with the HSS [Croatian Peasant Party] of Radic, Macek, Magovac, and Gazi. Nor do I know whether it is recognized by the living representatives of the HSS who are continuing that tradition. Nor do I know how much power Cicak's HSS has. He made a shrewd political move with this nomination. Lacking political strength, influence, and prestige of his own, he called for help from outside.

**Thursday, 1 February**

And our Croatian alternative? It is being attacked from all sides, although it is taking its first steps, when a few stumbles are normal. Nevertheless, we have reached the point where now almost everyone acknowledges that there is no political pluralism without a multiparty system, although pluralism cannot be reduced exclusively to the existence of more than one party. Once that was achieved, shots began to be taken at those people who were behind the alternative. Supposedly, these are mostly survivors of the mass movement, Croatian nationalists raising their head, etc. Well, surely it is enough for a man to walk fearfully with his head bent to the ground, surely it has become clear that '71 was a democratic movement of the Croatian people and that there were few distinguished people who were not branded after that. Surely, it is finally evident that the criterion of what is nationalism and what is not needs at this point to be freed of dogmatic and Stalinist prejudices. Which is not to say that in '71 and today there were no Croatian nationalist forces on the scene. Incidentally, there were and are Serbian-expansionist and unitaristic forces as well. But today's political parties and their leaders should be judged not on the basis of digging back into their biographies, but a judgment of the ideas which they represent. The Croatian Democratic Community [HDZ] cannot be equated with the Serbian National Defense even though I was among the first to disagree in public with certain statements of leaders of the HDZ. Nevertheless, in their attitude toward that organization and its leaders, toward registration or hampering the operation of the alternative parties, along with the possibility of public criticism, the party in power and the government will pass or fail the test which is called political pluralism.

Political patience should be shown toward the alternative. The programs are quite general, similar to one another, many come down mainly to proclamations about human rights, national freedom, and equality. I do not mean to underestimate the need for a reaffirmation of certain principles neglected in all the socialist countries, including ours. The reflections should have gone

further than to suppose that national flags and proclamations about freedom are quite sufficient. What is the essence of social justice, to call it by its old name? What is the attitude of the alternative toward the poorer strata of the population, toward the creation of jobs, toward young people and their future, toward revitalization of rural areas, toward the social status of women, toward education, culture, health, and preservation of the environment, toward the system of moral values? No party has prospects of political success unless it is interested in the needs of the ordinary man, which must realistically signify progress from the present situation.

The question arises of why a segment of the alternative has from the very outset been using precisely what is most negative in the practice of the communist parties that have been so much criticized? Why so much exclusiveness, intolerance toward differing opinions, why the expulsions and the purges just like in "the best" of Stalinist times?

**Friday, 2 February**

During these 18 years, I have taken the public condemnations without any possibility whatsoever of responding to them. Now, I have "violated" the enforced silence thanks to the courage of the youth newspapers MLADINA of Ljubljana, OMLADINSKA ISKRA of Split, and the young newspapermen of START, and at this point I cannot even manage to reply to all those who want to hear from me. Earlier, my thinking ran along these lines: When I have not been offered an opportunity to debate the principal attackers, why now would I debate with those secondary ones who are cutting their political lives short without my help? Nevertheless, I will use this opportunity to point out two examples of the most recent reproaches which some people have addressed to me.

Thus, Vjeran Zuppa criticizes me for not having gone to prison after '71, when certain other people did. He presumably finds me guilty of this even today. That is the same logic which brought certain survivors of the Dachau camp into the defendant's box, they were guilty because they were alive, their duty had been to lose their lives there. Which means that death had to be their destiny, while imprisonment had to be mine. Zuppa joins the ranks of those "humanists" today who after the fact pity their colleagues who ended up in prison after '71, forgetting who brought them all to the defendant's box with the hue and cry about the alleged Croatian nationalism of that time. There is no longer any need to prove to anyone that that hue and cry was political and so were the trials.

And now as to another judgment about the people associated with '71. They classify us in the group of "young lions" whom the "old fox" Bakaric dealt with effectively with a short and easy technical procedure. For some of our critics today, this is evidence that he was right and we were not. I acknowledge that I could never get my doctor's degree on the topic "The Taking and

Holding of Power." I acknowledge the significant superiority of both the earlier and present experts in this field of "science." But this still cannot be evidence that the victor is always right. For my part, I offer as evidence the indisputable fact that those victors have led socialist Yugoslavia into its gravest social crisis.

I hope whoever writes the next journal will have a happier week, but I doubt it.

### Tripalo on Return to Political Life

90BA0013C Zagreb DANAS in Serbo-Croatian 13 Mar 90  
pp 10-12

[Interview with Miko Tripalo by Mladen Maloca; place and date not given: "The Trials of the New Climb"]

[Text] After the almost 19 years of his enforced exile from politics, Miko Tripalo's return to the political scene has been accompanied by general curiosity on the part of the public. Among his enemies his return has been accompanied by skepticism to say the least and by a fear of revival of the nationalistic euphoria which is what the political trials in Croatia were usually reduced to even in 1971. But the sympathizers, and to tell the truth there have always been quite a few of them, perceive Tripalo's appearance in public political life as a triumph of truth and justice, although a tardy one. They recognize in him a triumph of the reformist forces, the forces of democracy, which in their opinion was the objective of that political line represented in 1971 by Miko Tripalo, Savka Dabcevic Kucar, and others. Tripalo himself, and no one ever denied him exceptional political talent and sensibility, retains even today the political charm which in the seventies lifted him to the status of an authentic leader. He does not deny that the sudden interruption of his calm life of retirement and his reappearance in political life have excited him. This was evident in his first statement, especially at the party to promote his book "Hrvatsko proleće" [Croatian Spring], which is about '71. "It is true," he says, "that I had a hard time finding words. Suddenly, everything experienced over those 20 years or so is concentrated, you remember all the troubles you have gone through.... I was encouraged by the evident sympathy of the public, which heartened me both with its silence and with a few tears, so that after a few sentences I again began to speak normally. It is, you know, an emotional shock after all. The important thing for me is that all of this has nevertheless really happened, since during all that time of enforced silence I hoped that this would happen one day. Although, to tell the truth, if you had asked me two years ago whether I believed in the possibility of a political comeback, I would say that I did not. Events in the last year, however, have been changing at such speed that they have surpassed everyone's expectations, including my own."

DANAS: We naturally asked Tripalo whether he was not frightened of such a sudden comeback, whether he was not afraid that in these complicated uncertain political

conditions he might lose political capital which to a great extent had been augmented with the halo of his being a victim of political purges?

Tripalo: If I were a candidate in an American election, I would tell you that I am in the best of strength and condition. As it is, to be honest, I feel a bit of fatigue from all this. As for the danger of gambling away the political capital which I have gained among my followers, I must say that this is a moment of challenge for everyone and an opportunity both for the people we belong to and democracy in general. Even at the price of ruining something that you refer to as political capital.

DANAS: The emergence of you, Savka Dabcevic Kucar, Ivan Supek, Dragutin Haramija, Srecko Bijelic as a nonparty quintet in the Coalition of National Reason has caused some uncertainty. That is, it is still not clear to the public whether you intend to run in the coming elections or not.

Tripalo: You are right. Every day I receive some 50 calls in which people express support and say that they would vote for me. Our participation in the Coalition does not mean that we will automatically run in the coming elections. Of course, it does not exclude that possibility, but for now, at least as far as I am concerned, I have not yet decided anything.

DANAS: In writing your journal for our weekly, you said that you were not ashamed of your communist past. You did not commit yourself as to the future, so we are interested in whether you would accept if the people in the League of Communists nominated you on their slate of candidates?

Tripalo: No, I would not. That follows obviously from the fact that I committed myself to the Coalition.

DANAS: Is that perhaps because the Communists did not invite you?

Tripalo: No!

DANAS: Does that mean that there are still profound differences?

Tripalo: It is true that there continue to be deep differences, and in my opinion they will persist so long as the party holds power in this way, until it openly enters democratic elections and carries out a democratic reform in its own ranks and confirms its place there.

DANAS: Nevertheless, does it not seem to you that the reform forces in the League of Communists have today gone much further in their conception of democratic reforms than your generation from the seventies?

Tripalo: Absolutely. I give them credit for that. They have taken important steps, far more than we took at that time. But you also have to know that time has passed, and many of those things have changed since that time.

DANAS: Precisely for that reason and because of what you yourself call your left wing position, one might anticipate that you would find some inner motivation and incline toward that type of reform position.

Tripalo: You know, my opinion is that when a man is no longer on the inside, then it is difficult to return from outside and wage a battle within a reform bloc whose destiny, in my opinion, is still uncertain. After all, that dogmatic sediment in the League of Communists is rather thick even today. Back then in '71, my assessment was that between 30 and 40 percent of the people in the League of Communists did not belong there because of their dogmatic and Stalinist views. I doubt that they are any fewer even today. And I am not certain, especially in view of the way things stand in Yugoslavia after the 14th Congress was interrupted, that the reform forces will not be exposed to still greater pressure and even the danger of a defeat. So I favor the option offered by this Coalition, whose basic slogan is this: Radical political and social changes combined with a method that is democratic to the maximum and calm insofar as that is possible under conditions of this kind.

DANAS: How do you evaluate the chances of the League of Communists from the viewpoint of the Coalition to which you belong?

Tripalo: It is difficult to give a definite answer to that. On the one hand, it seems that the League of Communists will have a hard time getting the necessary majority. And then on the other side I think that certain forecasts underestimate it too much. We still should not forget that this is a party in power, that the League of Communists has a widespread organization, that it possesses substantial material resources, that it has an influence on propaganda, on the news media.... As for the election vote, the League of Communists can also count on those indigent strata and structures such as the people in the government administration, the police, and elsewhere. They think that if any other parties come to power, they will be thrown into the street, they feel insecure, and they are wondering what will happen to them. Of course, that is not so. It is another matter that all those departments should be depoliticized in the sense that there should not be any party within them, including the League of Communists, that they should be reorganized, their role should be changed, in the case, for example, of the State Security Service. But everything I am saying does not signify that people will be thrown into the street. Fear nevertheless does exist, and it will certainly draw a certain number of voters over to the side of the League of Communists.

And then in those forecasts one should not neglect a segment of the Serbs in Croatia. Regardless of the existence of the new parties, it is not certain that they will not vote for the League of Communists. When they make a realistic assessment and weigh things, perhaps they will in fact vote for the LC [League of Communists] as the "lesser evil."

DANAS: Have you noticed that in our country the anticommunist syndrome is emerging more and more, attempting to put all the responsibility and historical blame on the party?

Tripalo: That is a trend today throughout Europe, so that we are no exception. I personally think that it is not altogether fair, but I understand it. Socialism is in crisis everywhere, including our country, and all that dissatisfaction that is aggravating people is being passed on to those who have been in power for 50 years. It is in fact logical. It is another question whether in that kind of "blindness" people are unable to make a realistic assessment of what is what, what has been achieved, and what the failures were.

DANAS: In Croatia today, we obviously have a completely new political atmosphere whose main characteristic comes from the great number of newly established parties. How do you interpret the fact that almost all those parties include an ethnic determiner in their name? Does this not lead to a further and deeper ethnic division?

Tripalo: That danger does, of course, exist, but I believe that the emergence of a sizable number of parties with differing programs is the best obstacle to homogenization on an ethnic basis. It is a fact, for example, that even all those parties who have an ethnic determiner in their title are not together in the election race and campaign, which to a certain extent indicates that a differentiation is taking place among them on the basis of their programs. We should at the same time point to another danger. That is, an attempt is being made to suppress the multiparty expression of pluralism on behalf of the struggle against incitement of ethnic enmity, religious intolerance, which obviously does exist in certain statements and even programs. A good example of this is everything that has happened with the Croatian Democratic Community. I personally have reservations about what happened in their assembly and toward some of their views, but I still would not agree that now they should be thwarted by administrative measures. After all, now that we have committed ourselves to multiparty pluralism, then we must reconcile ourselves to the fact that parties will emerge in that space with differing programs and views, including extremes. And you will have to put up with that. And then there is another fact which is often forgotten. That is, if we should prohibit parties on the extreme right, then the same attitude must also be taken toward the extreme left. What are we to do with those who see only the HDZ [Croatian Democratic Community], but do not see Petrova Gora, with those who say that they will use machine guns to remove from the speaker's platform those who think differently, and so on? Once we get started with prohibitions, then nothing will be left of pluralism. All that is left of pluralism in Kosovo is the police and Morina.

DANAS: How do you interpret the fact that in this multiparty atmosphere parties like the Social Democrats

and similar ones who have dominant positions in the advanced world have encountered a weak response?

**Tripalo:** This is obviously a consequence of ethnic attitudes in our country. They are becoming more and more aggravated, so that everyone feels threatened. The parties are in fact one of the manifestations of that sense of threat to the nationality. In Croatia at the moment, that kind of ethnic homogenization has not occurred, but if the attack continues to destabilize Croatia, we should not preclude the possibility of complete homogenization of all parties around the defense of Croatian sovereignty.

I would not like to see that, but certain events indicate that an attempt is being made to cause unrest and destabilization in Croatia, and that then objectively pushes all the parties to the same front.

**DANAS:** When you speak about attempts to destabilize Croatia, it is obvious that an attempt is being made to instill mistrust between Croats and Serbs, usually with assertions about the unequal position of the Serbs in Croatia. Something much like that happened in the seventies as well. How do you explain those things?

**Tripalo:** If you would like me to tell you frankly, then I will say that in my opinion the Serbs in Croatia have always had a privileged position since the liberation and up to this day. This is obvious, for instance, from the figures on their representation in leadership structures, in the various staff services, where they have been far more numerous than their proportion of the total Croatian population. And whenever any Croatian leadership attempted to bring those proportions into line, not overnight and not by force, but through a reasonable policy, it was placed in jeopardy and accused of nationalism. That was the case even with Hebrang, and I also think with the removal in '71, although I do not think that that was the main reason. We openly said at the time what kind of Yugoslavia we wanted, which aroused enthusiasm in the Croatian masses, while with those in Serbia, because of that ethnic component, it encountered a certain reserve. That reserve was accentuated by the activity of emissaries representing Serbian-expansionism in the Serbian areas, just as is happening today, while on the other side there were the writings and outbursts of Croatian nationalists. And I can understand that reserve on the part of the Serbian masses. It also indicates that we did not make enough effort to clarify what we were in favor of. The Croats and Serbs have been living together for quite a long time on this soil, and they both have had their good and bad experiences. I therefore think that a policy cannot be conducted that would be detrimental to the Serbs, and every Croatian leadership must also have the support of the Serbian nationality in Croatia. But at the same time, the Serbs in Croatia cannot expect for their part that a policy will be conducted in Croatia which will be detrimental to the majority nationality merely in order to keep them quiet. We have to look for a policy which will make it possible for each nationality and every individual to gain full

affirmation, which will not be detrimental to one and beneficial to another nationality.

**DANAS:** In that context, what is your comment about the rally on Petrova Gora?

**Tripalo:** I have already said that it seems to me that something similar to 1971 is taking place again today. There is a kind of dissatisfaction, a kind of rebellion on the part of the Serbian population in Croatia. What ought to be analyzed is precisely that rally on Petrova Gora. It is obvious that the local population behaved quite differently from those who came from Kosovo, Serbia, Vojvodina, and Knin. That there were not groups among the local people who, just like the main speaker, found a common language with those noisemakers, but it is significant that the division I am talking about could nevertheless be sensed there. And for that reason let people see on television what is what. Indeed, even those who took part will perhaps be able to think over everything that happened there. Of course, I do not think it is good that the rally was held, since it certainly instilled more discord among the Croats, Serbs, and Muslims who live in that area, and in that sense it was more than harmful.

**DANAS:** In the seventies, just like today, there were proposals for establishing autonomous areas in Croatia. Do you see them as a possibility for solving the problems we have been talking about?

**Tripalo:** In my opinion, there are no real arguments for such a decision and that kind of solution to ethnic relations. All the data indicate quite the opposite, and that is why the Coalition came out against any idea about autonomous areas in Croatia. This does not mean that we are against decentralization, since Croatia ought not to be organized in a centralist manner, but so that we will grant the opstinas and regions a much greater opportunity for development and for disposition of material and other resources. We are against autonomy just as we are against changing the internal and external borders of Yugoslavia.

**DANAS:** You mention the untouchability of the existing borders. Does it not seem to you nevertheless that Yugoslavia today is not what it was yesterday, that profound changes have taken place in it? The question also arises of how a future Yugoslavia will function with respect to nationality?

**Tripalo:** The inroads of pluralism have brought with it much that is new. I believe that in that sense the Croatian and Slovene example will be infectious enough and that even Milosevic will be unable to resist it. I think, then, that that pluralistic breakthrough in Yugoslavia will be unstoppable, although perhaps it will not be able to prevail in all of Yugoslavia immediately. But when we speak about Yugoslavia, it is important to emphasize that we are not for or against Yugoslavia at any price. That means that that future Yugoslavia, be it the Third, Fourth, Fifth, or whatever it is called, must be built on an agreement among democratically elected

bodies or representative bodies of all those states that comprise Yugoslavia. And in that respect the important thing for me is not whether it will be a federation or a confederation, since both of them are actually imaginary concepts. Starting with the original sovereignty of every republic, we should arrive at an agreement on the basis of which decisions will be made and the behavior and activity of federal authorities will be regulated. This does not mean that the federation would not have its own legal status and ability to act, but it ought not to be able to make decisions as some body above the nationalities or above the republics. Decisions are made jointly, and the federal authorities must have the means at hand to carry out those decisions made jointly. That is the legal status of the federation.

Accordingly, for me the question is not Yugoslavia or not, but what kind of Yugoslavia? Whether there will be a Yugoslavia or not will depend on the answer to that question. As far as I am concerned, I favor a Yugoslavia resulting from that kind of agreement in which political pluralism will be characteristic of the political system, which will have a market economy and a pluralism of forms of ownership, full ethnic equality, and full human and civil freedom. On that basis, we will seek joint solutions.

DANAS: Let us go back to the Coalition, which obviously is establishing some of its new authority on the fact that it is being joined by people like you, Savka Dabčević, Supek, Haramija, and others. Assuming that no one gets the necessary majority in the elections, will you broaden the Coalition, and with whom would you get together?

Tripalo: So far we have not given thought to that, but it certainly is something unusual. I suppose that our coalition will be able to hold together even after the election, and then it would have to be open to all the other parties. After all, then there would no longer be one party and its monopoly, but they would enter and create coalitions on the basis of similarity of certain future visions and programs.

DANAS: Does it not seem to you that this kind of open coalition is more reminiscent of some alliance of national reconciliation than an authentic political coalition?

Tripalo: No. We feel that we must be absolutely open as a coalition, with the proviso, of course, that no one would be able to enter the coalition who has a completely different program from ours.

DANAS: The public is wondering why the Croatian Democratic Community has not joined your coalition. It is evident from some reports that have been published these past days that you counted on them in the Coalition.

Tripalo: You might even say that from the beginning the HDZ was consulted by those who initiated creation of the coalition, and those were these four parties. But the

HDZ had reservations about the idea from the outset, which they have in fact expressed in their attack on the Coalition. We wanted a coalition immediately, and they favored an agreement in the second round of the elections. I think it should be said that they can organize as they wish and however they feel necessary, but we must all be cautious. It is well-known from the history of political parties that parties which have autocratic internal organization cannot fight for democracy. The experience of many communist parties has also demonstrated that.

DANAS: The Assembly of the HDZ, regardless of your interparty disagreements, has evoked not only hesitation, but also a kind of anxiety in some people. What position do you take toward these manifestations of extremism?

Tripalo: I have already said that that meeting and everything that occurred in connection with it have to be looked at in two ways. We oppose administrative measures against the HDZ, especially since it all ended with verbal outbursts. And second, we distance ourselves from the extremism which occurred in the HDZ Assembly, from euphoria, and from political positions that could cause people fear or anxiety.

DANAS: Nevertheless, some people who are familiar with the pluralistic scene in Croatia say that the HDS [Croatian Democratic Party], which does belong to the Coalition, which is its right wing, is even more extreme than the positions of some in Tudjman's Community.

Tripalo: It is obvious that we might say there are three groupings on the Croatian political scene. The right, the left, and the center. In that schematic division, our coalition would belong to the center where what is a bit to the right and a bit to the left have come together. From contacts with leaders of the Croatian Democratic Party, we have learned that we have similar views on essential questions which are part of our common programmatic goals. The coalition is assembled around a joint program, not around the position advocated by this or that wing of some party. As far as I personally am concerned, I cannot back opinions in the coalition that would not take into account certain socialist values such as protection of the workers, for example, protection of the poor strata of the population, and so on. I would not renounce that commitment, but I say that we need not all think the same on every issue in the coalition.

DANAS: Your commitment to pluralism is obvious. Nevertheless, there are quite a few people who are skeptical about its future, since the resistance is still strong in certain social structures.

The role of the Army is often pointed to in this connection. How do you assess its role and position in this new opening up to democracy?

Tripalo: Every discussion of the Army that touches upon its structure, relations, and the social position of certain Army and veteran circles is proclaimed to be an attack

on the YPA [Yugoslav People's Army] or even represents a desire to create republic or national armies. Starting from the premise that the Army should continue in the future to be the joint armed force of all our nationalities and the backbone of the unified system of nationwide defense, we still have to debate the question of the social position of the military bureaucracy and its privileges, and then the ethnic composition of the officer corps, the place where recruits will primarily do their required military service, the manner in which the entire system of defense is to be financed, what burden the economy can bear in these times of crisis, including the burden of defense, how to bring about equality of languages, etc. This is all the more necessary, since we find ourselves confronted with a new definition of the character of the Yugoslav multinational community and also a transformation of the party state into a true democratic state. That is why neither the Army nor the police nor the government administration can belong to the party.

Arguments to the effect that the Army will become mercenary if it ceases to belong to the party (i.e., to the LCY [League of Communists of Yugoslavia]) are ridiculous to say

the least. This does not signify depoliticization of the Army, but removal of its party attribute, and political work in the Army will be conducted by developing patriotic sentiments of its members toward Yugoslavia and toward all the republics and all the nationalities.

The interference of the Army in everyday political conflicts is not permissible, not even in the name of the party organization that now exists; one gets the impression that the Army stands behind that view of the LCY. There are differing opinions in the armed forces from those which have been publicly stated, opinions which are difficult to articulate. That is, the principle of hierarchy and subordination, which is indispensable to a military organization, combined with the application of democratic centralism in organization of the LCY, does not give sufficient opportunity for the emergence of differing opinions concerning our social reality, though such opinions do, of course, exist in the Army. And this merely perpetuates the "one-mindedness" in an important segment of the government structure, although the entire society is gradually freeing itself of that.

## POLAND

**Military Daily ZOLNIERZ WOLNOSCI Notes  
Change of Format**

90EP0366C Warsaw ZOLNIERZ WOLNOSCI  
in Polish 12 Feb 89 p 3

[Editorial: "What Kind of ZOLNIERZ?"]

[Text] The dramatic financial difficulties with which all editorial offices are struggling have not, obviously, bypassed ZOLNIERZ WOLNOSCI. A few months ago we had to subject our paper to a serious diet. Today, after successive increases in the prices of raw materials and services, it has proven inadequate. The hard financial realities are forcing us to make more, we hope temporary, cuts. We are changing the paper to a smaller format and raising the price. These decisions are essential in order to keep the paper alive.

We assure our readers that in these new, difficult conditions we will make every effort not to lose any of the functions which we are to perform as the paper of the Polish Army, to be as close as possible to your daily concerns and problems, to defend your interests, to present them objectively and honestly.

We also desire to treat this extraordinary situation as an occasion to survey our readers again on the profile of the paper and also for a new title for it. Continuing our earlier traditions, we ask all our readers and supporters, both the most faithful ones, who have a positive opinion of our work and the completely new ones, critical of it, for their opinions and suggestions. We believe that your comments will provide an answer to the questions about how to edit the paper in the future, about what should be done and how it should be done to meet the expectations of the readers as well as possible.

The Editors

**SB Security Service Chief Comments on New  
Changes**

90EP0366B Warsaw ZOLNIERZ WOLNOSCI  
in Polish 8 Feb 89 p 3

[Interview by Jerzy Karpacz, Chief of the Polish Security Service, by a PAP correspondent; place and date not given: "What Has Been Done and in What Direction Are the Changes Going?"]

[Text] [ZOLNIERZ WOLNOSCI] You became head of the Security Service during difficult period of basic reorganization. Can you say what has been done and in what direction further changes will go? A PAP correspondent posed this question to Col. Doc. Dr. Jerzy Karpacz, head of the Security Service.

[Karpacz] I ought to say first of all that the range of its previous activities has been significantly reduced. In effect, the departments monitoring the broadly understood political or economic superstructure, the church,

the so-called opposition, and some associations and trade unions have been eliminated.

At present the Security Service consists only of three new departments protecting the constitutional order of the state, the protection of the economy, and the Department of Studies and Analysis, which serves reporting and command functions. The structures of the Security Service in the voivodship offices of internal affairs have also been altered and reduced; the units of the Security Services in the regional offices of internal affairs have been completely eliminated. The changes in the structures have led to a significant reduction in the number of positions and a far-reaching reduction in personnel.

[ZOLNIERZ WOLNOSCI] What has the Security Service ceased covering and what is it covering now?

[Karpacz] The range of authority and interests of the Security Service were changed during the roundtable, in the directives of the government, and the decisions of the ministry leadership based on the government directives.

The Ministry of Internal Affairs in its operational work has ceased dealing with religion, especially the Catholic Church, the religious associations and the legal associations, unions, and political parties.

The objects of interest to the Security Service are mainly the extremist, anarchist organizations, whose programs and activities are aimed against the constitutional order of the state, or which by charters include solutions of political problems by force that are contrary to the law.

Further, the Security Service searches out and prevents terrorist activities, sabotage, counters smuggling of national cultural treasures and the illegal transfer of convertible currency. The protection of secrets and of the results of scientific and technical research of strategic significance to the state also remain of interest to the service. We also attempt to protect the economic interests of the state and especially to counteract economic fraud.

[ZOLNIERZ WOLNOSCI] What happened to the functionaries released from the Security Service? How many of them reinforced the militia?

[Karpacz] The functionaries of the Security Services on the whole are highly educated and specialized in combatting crime, including common crimes. The changes made in the ministry caused a portion of the service functionaries to be shifted to militia units in order to strengthen the penetration of criminal groups and for direct work in the criminal division and in combatting economic crimes.

The number of positions in the Security Service has been reduced to 3,452 now from 9,193 functionaries in August 1989. Thus, 5,651 positions have been eliminated from the Security Service. The majority of the functionaries were transferred to service in the Citizens' Militia; the others are retiring, are accepting pensions, or even changing occupations. Just between 1 August to 31

December 1989, 1,031 functionaries were transferred to the Citizens' Militia and more than 1,200 unfilled positions were transferred. It is difficult to say exactly at present because the process is continuing; further, as regards those retiring or accepting pensions, some in spite of having been released from their positions are still in the ministry because medical examinations must be done and other formalities completed.

[ZOLNIERZ WOLNOSCI] What positions in the militia have the former functionaries of the Security Service filled?

[Karpacz] Those functionaries of higher rank and lengthy term of service, who have the right to retire or receive a pension are leaving service completely. The others are serving or will serve chiefly in the basic units of the militia in direct operational positions. They are associated with investigating, discovering, and preventing common crimes. On the whole people young in age with short periods of service were transferred to the militia. The operational training of Security Service functionaries can be used in the criminal or economic and investigative sections. Obviously, certain gaps in their training may appear in the fight against common crime, but they involve chiefly practical knowledge of criminology techniques. These shortcomings can be filled in during a short training course.

Those functionaries who had been transferred from the militia to the Security Service in past years also returned to the militia.

[ZOLNIERZ WOLNOSCI] What is being done with the documentation from the dissolved units of the Security Service?

[Karpacz] There are three types of documentation in the ministry. First, current documentation, which after use is destroyed by the employees, for example, their own

notes. Second, recorded documentation, which is kept for various period in the basic units, and third, documentation which due to its operational, historical, or scientific significance is transferred to the archives, where it is also kept for a definite period. These problems were discussed at the recent press conference by the director of the Central Archive of the Ministry of Internal Affairs.

I must say that no essential documents should be destroyed in contravention to the current regulations.

[ZOLNIERZ WOLNOSCI] How does the head of the Security Service imagine the activities of the Security Service under the new structures contemplated in the proposed new law?

[Karpacz] The process of making organizational and operational changes in the Security Service is adapted to the socio-political changes occurring in the state. The new tasks and organizational structures of the service are defined in the new law on the office of the minister of internal affairs and on the protection of state security. It calls for the formation of a new office to protect the state, whose goal will be to protect the constitutional order of the state and the Polish reasons of state. Probably as part of the new organizational and operational measures there will be a further reduction of the personnel of this formation.

In the new organizational structure of the office, institutional measures used in this type of service in parliamentary democracies will be included. Their chief character will surely be to ensure the legality of the operations and to expand social control. This process has already begun in the activities of the current parliament including, among other things, the formation of the Political Advisory Committee to the minister of internal affairs, which consists of representatives of the various political groups represented in the Sejm.

## GERMAN DEMOCRATIC REPUBLIC

## Reformed Labor Union Seeks To Maintain Privileges

90EG0184A Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Feb 90 p 15

[Article by Hans Juergensen datelined Frankfurt, 11 Feb: "The Reform of the FDGB Lends Hope to Some DGB Unions—A Little Closer to the Realization of Far-Reaching Codetermination Wishes?"]

[Text] By now the GDR no longer has an SED [Socialist Unity Party of Germany]. It renamed itself the PDS [Party of Democratic Socialism]. Supposedly, the Free German Labor Union Federation (FDGB), for a long time an extension of the SED in the enterprises, also contemplated a name change but held off because of the cost involved. At the FDGB's reform congress in East Berlin Chairman Peplowski, still in office, talked the delegates out of changing the name by reasoning that this would cost "millions" because the fees would be calculated according to property. Thus, the congress was spared the embarrassment of striking the "F" from the name since ultimately the name change would probably have boiled down to this. Giving it any other name would have created a new interim solution.

One may assume that the FDGB and the DGB [West German Trade Federation] will merge before long, should the reunification of the two Germanys come about. Yet even in its new composition the FDGB is not expected to support this development. The words "German unity" still do not appear in its action program and other statements. At the congress in the East Berlin Palace of the Republic discussion of the matter was deliberately avoided. Apparently the subject was too controversial. Many of the functionaries still cannot get used to the idea of unity. By the same token, they do not dare to argue against it, for that would lose them the workers' last remaining support.

The considerable internal reservations still lingering among functionaries can be summarized in but a few words: Rather no reunification at all if this means the alignment of laws with the FRG. That there is no longer an alternative to free enterprise is reluctantly accepted. It is also generally recognized that in the future the labor unions must find a different relationship to the state and to the public and private employers. However, the new status of the FDGB and its 16 member unions shall continue to leave largely untouched the old privileges from the time of identification and intimate intertwining with the SED state and will create new codetermination rights to an extent that is irreconcilable with free enterprise concepts. This means one wants to continue to be directly represented in many instruments of state and parliaments, retain the right to introduce laws while at the same time participating in any important decisions in the enterprises. Veto power is demanded for: Change

of ownership status, liquidation of the operation, production suspensions and reorganizations, shutdown or partial shutdown of an operation, hiring or dismissal of more than 10 employees.

If these requests, which are reflected in a bill for a new labor union law, are accepted in the People's Chamber prior to new elections or a federation of the two German states, this would have far-reaching consequences for the GDR and for a unified Germany as well. The GDR labor unions would then evoke existing laws, their "social ownership," which must not be curtailed by the reunification. They would be assured the support of all the powers of the Left in the GDR as well as of a large part of the unions, the SPD [Social Democratic Party] and the Greens in the FRG. The GDR law, which does not recognize any works committees, would become the new yardstick for codetermination rights in the FRG as well. The "third approach" between communist command enterprise and social free enterprise, of which many union members and leftists still dream even over here, would then be already institutionally ensured in at least part of Germany.

That such thoughts are no mere pipe dream is evidenced by the speed with which the pertinent legal conditions are still to be created by this People's Chamber, which has no democratic legitimacy, evidenced also by the scarcely concealed satisfaction with which this development is being followed by many labor unions in the FRG. The argument that speed was of the essence for institutionalizing a reformed labor union movement in the GDR, because it had to be established before the capitalists from the West assumed the reign in the enterprises, had been heard weeks ago from IG Metall Chairman Steinkuehler even before it circulated in the GDR.

The experienced FDGB unionists, who are pursuing the reform of the organization, are extremely irritated about the fact that the Modrow government, without consulting them, has announced a works committee act. The socialist and communist unions have never had a high opinion of works committees because they might affect their exclusive representation privilege in the enterprises. In the GDR, where they were abolished for this very reason soon after their introduction, their reinstitution would now be the most convincing evidence for a democratic reform of the unions. That many "colleagues" also favor the organization of works committees was obvious from Peplowski's comments at the union congress. Yet the old FDGB unionist knows only too well that his people would not fare well during works committee elections at this time. Because of this and because the exclusive representation privilege must not be curtailed, an FDGB popularity contest in the enterprises is to be avoided. The labor unions in the FRG have passed on many good pieces of advice to their colleagues in the GDR. The recommendation to introduce works committees as soon as possible was not among them, however. Is it that the institution of the works committee has proven to have such small success

in the FRG in 40 years that its introduction in the GDR cannot be recommended, or have the unions over here also realized again that they always had a divided relationship to this institution. The coordination of interests between DGB and FDGB unions has obviously made greater progress already than is officially admitted, and what can be expected from it is not all good. The FDGB as the bearer of hope for the DGB?—a bold but not entirely absurd thought.

## HUNGARY

### CEMA Agony: Soros Sponsored Experts Urge Forceful Action

90EC0331A Budapest FIGYELO in Hungarian 8 Feb 90 pp 1, 6

[Article by Laszlo Csaba: "CEMA Trade: How Long Will the Lukewarm Comfort Last?"—first paragraph is FIGYELO introduction]

[Text] In order for the Hungarian economy to be influenced predominantly by its Western ties which represent structural and technical progress, more needs to be done than simply to allow the geographical orientation of our trade to shift spontaneously, as we have done for the past one and a half decades. Our unique problems stem from the fact that our economy, particularly its state-sponsored, favored, developed, and supported elements, have only been able to meet the demands of one market. This is asserted by the author on the basis of his study which he had prepared for the Soros Fund sponsored expert advisory group, HID.

Without effecting a conscious shift in the direction of our foreign trade, we would have to weather increasingly heavy losses, and practically work against the goals of our own economic policy in order to keep up with the developed part of the world economy. Such a shift of directions would require reforms not only of our economic policy, but also of our system of institutions, for its chief goal is to bring about radical changes in the decisionmaking and behavioral norms of a vast number of producers. I am referring, of course, to processes that need to evolve over an extended period of time.

The goal of short-range crisis management, on the other hand, is to sort out momentarily conflicting interests, to promote processes which in the long run will aid the recovery process, and to resist becoming swayed by momentary tensions from the goal of establishing the system of conditions necessary for consolidation. Since it is obvious that the state administration is unable to consolidate the economy, the challenge facing the government is to create an environment which properly rewards and punishes businesses, while gradually withdrawing itself from the making of concrete decisions.

We need fewer decisions, but they should be made and implemented with unyielding consistency. For the policy to be successful it is vital for us, already in the short run,

to encourage currently lacking government team work, to sanction "factional politics" that may differ from our central strategy, and to try to win public support on several levels.

The past couple of years have shown that it is not a lack of necessary expertise among our central decisionmakers that has prevented Hungary from moving out of stagnation, but rather our inability to implement goals that have been approved in theory. And this stems from the government's lack of societal support. Consequently, already in the short run, our task is to send easy-to-understand and unambiguously stated signals to the many thousands of players in our economy regarding the intent behind the shift of our foreign trade, as well as our determination to see it through, i.e., our resolve to implement it and to cope with the tensions that may arise.

The principle aim of shifting foreign trade directions, therefore, cannot be to reduce tensions, to lessen the impact of hardships, etc., as such an outlook would immediately deprive it of credibility.

Since, as it is widely understood, one of the problems plaguing the Hungarian economy is its over reliance on ruble exports, our goal cannot be to preserve this trade at its current levels, and to continue to insure the comfort of firms that have been perfectly content with its lukewarm benefits. Our aim instead should be to bring the system of conditions governing our eastern trade in closer harmony with the conditions on the basis of which we do business with the West. The point of such a move would not be to cut back our ruble exports, but to lessen the desire to produce for that market; opting for the former solution would be completely arbitrary and would only create a lot of senseless bureaucratic barriers. What we need to do, contrary to the logic of the traditional CEMA mechanism currently in force—but not for long—is to get the enterprises to assume the risks of eastern trade in a growing number of products, and consequently also to allow them to keep whatever profit they manage to earn. A government declaration ending state-controlled trade, therefore, would be in our domestic interest, but even before this is done, it would be important to make everyone familiar with the details of the new system. Without this, neither our trading partners nor our domestic enterprises would know what they are in for.

Since in 1990 the traditional CEMA is still in operation, it would be very dangerous from the point of view of economic transformation as a whole to give in to the speculative temptation of exempting certain "strategic" products. Because once we do this—the way we have so often done it as a result of plan coordination—sooner or later even raspberry jam will be declared a strategic article (as was chicken only recently).

Also leading to the preservation of traditional conditions and to the undermining of the process of transformation would be any attempt to put a few large, purportedly

objective, intermediary "commercial firms" in charge of our entire eastern trade. As long as it is not the risk takers themselves who are weighing the decisions to be made directly—or perhaps organizing their own commercial firms—there remains an open opportunity for reviving the traditional system of regulatory and plan bargaining, and our eastern trade will continue to be dominated by factors other than business considerations. Our aim, therefore, should be to transfer the point of impact between the two economic systems somewhere else: Traditionally Hungarian foreign trade management has served as the sluice, but now it is time for the Soviet system to assume that role. After all, in the other countries soon there will not even be a trace of the institutions and policies that had served to support the old CEMA. From the point of view of foreign trade, therefore, it would not make much sense to force solutions upon ourselves that do not conform to the laws of the market.

#### Firm Steps

The crisis of the Soviet economy is expected to become more acute in the short run, hence any solution centered around agreements and other arrangements with the central Soviet organs aimed at acquiring commodities of which theoretically they are still our sole suppliers, can only be considered relatively promising at best. In view of our deteriorating, and in part decentralizing system, will suffice to allow the Hungarian enterprise faced with a set of specific circumstances to make its own decisions in every instance, without being bound by various inter-state delivery and payment regulations. This uncertainty is the objective result of the given situation. The key concern is how to preserve the Soviet partner's willingness to deliver, which can only be assured through unrestricted foreign currency payments and barter. The only source of secure deliveries, even in the short run, is secure supplies.

Hence, particularly in view of the rapid deterioration of the Soviet economy, it will take extremely firm steps to preserve Hungary's solvency. What makes such steps possible in 1990 is that the existing government, and the incoming government, still do not have anything to lose by taking steps against certain partial interests, i.e., lobbies. This presents a unique historical opportunity. Future decisions must focus on steps which the Hungarian government can take on its own sovereign volition, while continuing to exchange information and opinions with the other CEMA countries, without resorting to harmful and useless plan coordination with either our small, or our large partners.

One cannot help but notice that one of the main items contributing to our free currency balance of payments deficit is a surplus of rubles (both in itself and as a contributor to our cash flow problems): The extent of this surplus, computed at the exchange rate of the Hungarian National Bank, corresponds to what it would take (using realistic figures) to switch over in one coordinated move, to a market-based eastern trade. One

cannot help but notice that in exchange for the "cheap" oil and natural gas imports, increasingly the only things we have left to offer are subsidized and structurally backward agricultural (nonconvertible) mass products of considerable dollar content, and our light and consumer goods industries are faced with similar problems. Cutting back on these items, therefore, will help our dollar balance in the short run, both directly and by virtue of its budget deficit lowering effect. One can rightly assume that redirecting our technical and other processing capacities, much of which is being squeezed out of the Soviet market anyway, to other oil-producing developing markets is better than doing nothing. In 1990, this should already be viewed as a short term task, for 1991 is no longer a distant target date.

#### Cancelled Agreement

In order to help transilluminate and reorganize our large, single market enterprises and agricultural concerns that have based their entire existence on one-sided exports, all of which are in for some hard times ahead, we need to announce a government sponsored market switch and modernization program by soliciting the support of international financial institutions and involving Western consulting and management firms. A market change is what we need to support, not jobs, especially not in enterprise management.

It would have a beneficial effect on the process as a whole if the insolvency of at least one or two big firms caused by foreign trade difficulties did lead to their liquidation or radical reorganization, for this would also cause the others to reassess their behavior. It is clear that "bankruptcy proceedings," privatization, and the involvement of Western operators are also becoming integral elements of eastern trade, hence only carefully synchronized steps taken in unison in several areas can yield the necessary results.

By rewriting the foreign exchange code, we must move already this year to put an end to the existing prompt collection system, and to promote the beginnings of a—from the Hungarian point of view more desirable—structural change by setting strict limits—of about 10 percent—on the dollar content of our ruble-cleared exports. By devaluing the transferrable ruble, and—starting this year already—by generally allowing its value to be determined by the foreign exchange market, we need to try to influence our enterprises' intentions, with a view to preserving Hungary's solvency and meeting the needs of the world market. Although it is conceivable that some of the incomes "taken away" by the exchange rates will be returned to those affected in the form of subsidies, it will be a good test of the seriousness of the new publicly controlled budget to see how well it is able to resist the pressure. Besides parliamentary controls, we can also count on help from the IMF. And finally, as we begin to reassess the issue of foreign exchange rates, it is especially important to ensure that we give timely and clear signals to a wide group of producers regarding the

direction of the expected changes, i.e., the adjustments they will be expected to make.

Popular transactions represent a particularly important aspect of our eastern trade. The multifaceted methods worked out within the CEMA many years ago for determining exchange rates—which even back then were not particularly effective—have outlived their usefulness, still we continue to apply them. They have provided the more active citizens of certain partner states, characterized by distorted price structures and unbalanced supplies, with undeservedly large incomes, which nothing can justify. As many have already pointed out, the fragility of the Hungarian domestic market and economic rationality both demand that we quit the entire system of complex noncommercial clearing agreements, and allow the prevailing tourist rates to establish a market-cleansing level of supply and demand. These rates will be determined continuously by the commercial banks on the basis of daily quotes. This will provide us with economically more sound and at the same time more civilized ways of limiting eastern demand than what we have at our disposal under the existing system of Balkan-type bureaucratic controls. Since the domestic economies of the eastern countries are also bound by strict budgetary restrictions, with the introduction of an adequately flexible exchange rates policy we will find that consumer demand in our eastern trade is not at all limitless. Even in these markets, however, it is expedient to adjust to solvent demands, for these can provide an economically acceptable transition or background for certain Hungarian products that are not competitive on the world market.

Finally, we need to confront the conflict of interests that has developed between the aims of certain western businessmen who intend to use our country mostly as a bridgehead to break into the Soviet market, and the interests of the Hungarian national economy which lie in changing its foreign trade orientation. Not even under a free, dollar-based system of payments can I see any reason why Hungary should accept being viewed in the next one to two to five years as a gate to the East within the context of East-West trade.

#### Effects of CEMA Trade Cuts, Privatization Process Discussed

25006751 Budapest FIGYELO in Hungarian 15 Feb 90  
p 7

[Interview with Laszlo Antal, deputy minister and chief economic adviser to the government, by Robert Becsky, place and date not given: "CEMA-Market Change: Fund Without Money"]

[Text] The drastic tightening of the licensing of export shipments subject to settlement in rubles has not drawn real public attention in these days colored by scandals. Although the newspapers published articles on the subject for a few days, it seems as if the enterprises primarily affected by these changes have acquiesced with regard to

this matter. Or is this only a semblance, the calm before the storm? We asked Deputy Minister Laszlo Antal, the government's chief economic adviser, about this.

[Antal] More likely it is the latter, because in the machine industry exports were reduced by between 30 and 50 percent, and in certain areas the reduction amounts to much more. This has either a direct or an indirect effect on the workplaces of half of the 140,000 or 150,000 people related in some way to ruble exports. Within industry as a whole, this represents a work force reduction of between 70,000 and 80,000 persons, including natural attrition.

[FIGYELO] The question is how these enterprises could find their way out of this situation based on their own strength. There is some truth to the argument made by Chamber Vice President Laszlo Fodor (FIGYELO No. 4, 1990) according to which the state cannot just watch these events like an elegant foreigner would. It cannot do so because a large part of the troubled enterprises developed their one-sided products and export structures in response to encouragements by the government.

[Antal] It would be of no use to deny this fact. But not only did the enterprises suffer as a result of this mistaken strategy. The greater trouble is that the enterprises are following a survival strategy, as a result of which they will try to delay the unavoidable market change. This is well demonstrated by the 1989 facts.

[FIGYELO] Could you tell us something about the elements of this strategy?

[Antal] A struggle for export opportunities within the contingent is going on, one that is not even free of political extortion. Some export transactions were implemented in the framework of quasi-barter transactions, which essentially cannot be offset, not to mention the several hundreds of millions of licensed exports payable in rubles. Incidentally, the survival strategy may also be tracked within Hungary. It appears in the form of accelerating indebtedness aiming for the unchanged continuation of previous activities, in the fact that enterprises are turning toward insolvent or state financed Hungarian buyers, and in the decline of activities and assets. This strategic direction must be considered hopeless, because it cannot constitute a real chance for exchanging markets from the standpoint of enterprises and sectors.

[FIGYELO] Few will argue about the necessity of the state forcing the exchange of markets. Nevertheless, the administrative means available appear to be rather lean.

[Antal] Strengthening the stringency of the ruble regime means several things. It represents the review of case-by-case licenses, the increasing procedural stringency involved in prompt collections, changes in the financing of imports which come in the form of impulse, so that primarily the foreign trading companies are struck by the changes, and the prevention of unlicensed export and

barter trade shipments. These measures may relax tensions somewhat in the short term. Changes in export related subsidies and excises, and further, changes in the exchange rate, hold out promises in the long run, but even these do not hold much promise. In the framework of ruble exports, enterprises are fundamentally motivated by solvency considerations, rather than by profitability. On the other hand, we would not be able to change the prompt payment system on a unilateral basis. The situation is different with regard to transactions made outside of the contingent. These must be left to the exchange, where the rules of the game are different than the ones I described before.

[FIGYELO] In regard to case by case licensing, the commerce state secretary announced not too long ago [FIGYELO No. 5, 1990] that there is no real opportunity for any particular selection, and that the main consideration is the situation reflected in the quarterly balance situation.

[Antal] There are several possibilities, in my view. Each transaction must be evaluated individually. This means a lot of administrative work, but also a somewhat more stringent filter. A further selection may be based on the various bases of CEMA relations, i.e. soft and hard goods. The demand presented by CEMA, and mainly Soviet buyers of food products and consumer goods, is virtually infinite, while the demand for machine industry investment goods shows a continuous decline. As a result of countermeasures taken by our trading partners, there is no real chance for us to reduce the export volume of hard goods, thus there remains a drastic cutback in machine industry products.

[FIGYELO] As you yourself mentioned, in these days vegetation and the consumption of assets represent a rather general enterprise strategy. Aside from the administrative measures you just enumerated, what other means do you have in mind for the state to influence, and perhaps to help, businesses in accomplishing an active adaptation?

[Antal] The financial and economic situation, the market position, and the development strategy of enterprises affected by ruble export reductions varies. Correspondingly, the means which can be used to help them also differ.

Three business groups may be delineated. The product technology and market change of enterprises having an independent, active breakthrough strategy may be assisted if they compete in the framework of the convertible export development system. They may utilize state funds, World Bank credits, the resources of the European Investment Bank, and attracted operating capital. Enterprises finding themselves in bankruptcy situations—this is the second group—must be liquidated. Finally, the path before the largest group of enterprises, which build on the survival strategy, must be barred. This requires

stringent licensing, and the clear cut settlement of financing, of "standing in line," and of bankruptcy situations.

[FIGYELO] Should I understand this to mean that under the pretext of helping troubled enterprises the state will not help the continued survival of these enterprises but wants to see these enterprises accomplish change?

[Antal] Considering the finite character of budgetary resources, the state will not even have the opportunity to finance survival. But the state must not only bar the possibility of vegetation, it must help the enterprises in reorientating themselves by establishing appropriate funds for that purpose. Departing from the past distribution method, one form in which this could be accomplished would be an investment company, a holding company to put enterprises back on their feet, companies which would buy and manage the assets (and debts, but at a discounted rate, of course) of enterprises that are unable to change by using their own strength, and then would accomplish the change in ownership form, by privatization.

[FIGYELO] Are the legal and economic conditions for the establishment and operation of such investment companies clear?

[Antal] As a result of Parliament's approval of laws concerning state property management, the government has the means to place enterprises under the pressure of the capital market—not only those which are entirely beyond salvaging, but any firm that may be restructured. To accomplish this, property management principles would have to contain declining or discontinuing ruble exports as one factor for which enterprises may be drawn under state administrative control.

[FIGYELO] How would the investment company operate?

[Antal] At the outset it would operate exclusively, or to a decisive extent, as a state-owned stock corporation, whose long term investments may amount to multiples of the founding capital. Only those enterprises which agree to undergo a transformation into a corporation could become the property of the investment company. This form provides the needed freedom to accomplish transformation and privatization. Accordingly, the changing of a state enterprise into a stock corporation would be the condition of structural transformation. The investment company would either purchase or manage (portfolio) the state enterprise that was changed into a stock corporation. This could take place at an auction, or, based on an agreement reached with the State Property Agency, on the basis of open bidding. The function of the investment companies would not be fundamentally to operate the enterprises purchased—although even this cannot be ruled out—but the privatization, the sale of these enterprises, in whole or in part.

[FIGYELO] This is a rather risky function. Where will the investment company's capital come from?

[Antal] From several sources, for example from the fund set aside for purposes of export development competitions, from funds taken from the central technical development and bankruptcy reorganization funds (because these funds would be relieved as a result of the new financial resource). One could also think of participation by Hungarian commercial banking capital, (because the new investment company would mobilize at least part of the commercial banks' frozen financial resources). In addition, participation by foreign capitalists is conceivable (with modest amounts at the beginning). The activities of the holding company may be not only risky, but highly profitable; the profits amount to the difference between the purchase price and the selling price, minus the expenditures incurred in the course of reorganization.

[FIGYELO] How could foreign capital become involved in these transactions?

[Antal] In two ways. In the future it is conceivable that foreign capital will become involved in the investment company itself, on the one hand, or by purchasing the firms offered for sale by the holding company, on the other. We are not talking about a mass buying-up of enterprises, of course. According to preliminary estimates, we are talking about two or three enterprises per year, to be selected by the investment company. We do not feel that it would serve a purpose for the central government to arbitrarily select enterprises to be purchased.

[FIGYELO] There were suggestions before to the effect that so-called export development credits could be obtained under favorable conditions for purposes of changing capacities that presently produce for the ruble markets. Would there be a possibility for this in the system you just described?

[Antal] There would be, in a manner consistent with competitive conditions. It would not be profitable to provide benefits that differ from the general benefits that are provided to enterprises which convert their capacities. If we were to do so, the export competition system would be degraded to become one of the previous preferential forms of money distribution.

The matters being argued at present pertain to the amount of money that should be made available from the state budget for purposes of export competition and for the investment fund. The Council of Ministers' proposal to implement the government's 1990 economic policy allocated a total of 4 billion forints for the two programs, while according to another Council of Ministers' determination, an additional 3 billion forints would serve reorientation purposes.

[FIGYELO] This does not seem to be a large amount, regardless of whether we are talking about 4 billion or 7 billion forints, considering the number of threatened enterprises.

[Antal] But with the help of this founding capital it would be possible to purchase property worth between 15 and 20 billion forints. This does not amount to much, but it is enough to catalyze the process.

[FIGYELO] Not too long ago the economic college of the government debated the perceptions you just discussed. Was there a specific schedule established?

[Antal] The college agreed with the idea of having an investment company which helps change the market, for products as well as technology. The specific order in which the investment company is to be established and operate will be worked out by the Ministry of Finance, the National Planning Office, the Ministry of Commerce, and the Ministry of Industry. Similarly, they will develop the legal and economic conditions by which foreign or domestic private investment companies of a similar profile may function.

#### Land Distribution Alternatives, Concerns Described

90EC0329A Budapest FIGYELO in Hungarian 8 Feb 90  
p 11

[Article by Bela Csendes: "Will the Farmer Be Caught in a Trap?"—first paragraph is FIGYELO introduction]

[Text] Our agriculture has arrived at a turning point which can best be compared to the 1945 land reform. The structure of the land-based economy must be reshaped in accordance with the market's requirements. One important precondition for this is the reestablishment of direct proprietary incentives, a part of private ownership.

When it comes to the central goals of agrarian reform, there is no great dissension among members of our society. However, there are various ideas concerning the forms and methods of how to put this plan into practice. Representatives of these views agree on one thing: They wish to make the actual proprietors the economy's central characters, to the detriment of the supervisory power exercised by state authority.

Most of the versions are aimed at transferring state-owned land to real proprietors. Views vary according to whom they consider real proprietors.

#### What Is Without Precedent?

It must be stated up front that the form of reprivatization in which these parcels of land are sold en masse would not be feasible. For one thing, there is not enough money to make such purchases, and the compensation of prior victims does not allow such a sale. Nor is the solution acceptable in which individuals, associations, or organizations which previously were not landowners could now obtain these parcels.

According to one theory, state-owned parcels, and even those belonging to the disbanding cooperatives, must be turned over to local governments, the reborn organs of

popular representation. Freely elected local self-governing bodies would then utilize these properties in accordance with the interests of the community; for example, they could lease them and thus obtain the fiscal resources necessary for local development and free the state budget of that burden.

This solution would have its advantages. For example, it could contribute to the development of a flexible enterprise structure, in which those who wish to establish enterprises would have equal chances of obtaining land. They could start their businesses with smaller capital investments; after all, they would not have to purchase the land, and problems associated with inheritance could be avoided.

On the other hand, caution is called for by the fact that there has never been a precedent for this management practice in other countries. The tasks of self-government are manifold; the makeup of its organs can change, so that it cannot devote its attention to the utilization of land. It is difficult to imagine that agrarian producers could indeed consider these collectively owned parcels as their own; after all, these would be even more removed from them than the failed principle of cooperative ownership.

However, in certain areas, such as the community's pastures, communally owned forest lands, or state-owned lands used by the cooperatives, the reestablishment of collective land ownership could unequivocally be urged.

According to another view, state-owned land parcels should be turned over to foundations. In exchange for this, these foundations would perform certain tasks that presently are supported by the national budget. Listed in this category are educational and research institutions, social security agencies, and other budgetary organizations. The advantages and disadvantages of this solution are similar to the solution involving community ownership; however, they are not closely tied to the direct interests of local producers, but rather to the market economy. When it comes to the method of utilizing land, this would not necessarily represent a change: After all, the large enterprises continue to perform the foundations' tasks.

The land could also end up as the property of various economic associations, shareholding firms, enterprises of limited liability, banks, or insurance companies. This could come about in two ways: An enterprise could purchase the land, or its owner could join the enterprise and donate the land as a capital contribution.

In addition to what we have listed so far, there are other possibilities for bringing order to the land ownership of state farms. There are those who feel that the state property should be turned over to the collective care of the enterprise's workers, and the firm thus created should be managed by an elected council. This would enable the management of state farms to become similar

to that of cooperatives, consisting of smaller, more manageable local enterprises or leasing arrangements.

Transforming the ownership of land being used by agricultural cooperatives is a more complex task. A commonly accepted principle is that the already existing private property of cooperative members, which is now equal to about 36 percent of the collectively cultivated lands, should be bolstered, and the exercising of proprietary rights should be made complete. This calls for giving cooperative members the right, as was done in the recently enacted law on land ownership, to withdraw their land from communal use, making land inheritable and saleable, so that members could be free to chose the manner of private enterprise they would pursue.

#### Still, the Cooperative Member Is Also a Human Being

On the other hand, if the land owner were to leave his land in communal use, he should receive a leasing fee in accordance with prevailing market conditions. By the way, cooperatives are already paying for the use of land, but the amount of this fee is unreasonably low.

But what should happen with the land that is owned by cooperatives? We know of several concepts regarding this. According to one, such land parcels should remain in the hands of cooperatives, which in turn would lease it to be cultivated by individuals, families, or groups. Considering their size, these undertakings would make up for the missing medium-sized enterprises. However, this does not provide a final answer to the main question.

Another version would separate land owned by cooperatives from the communal property of the cooperatives, but would distribute it, similarly to other items of divisible cooperative property, among local members, on the basis of shares, and in accordance with guidelines set in accordance with the members' desire. The share of individual members in the collectively owned land would not become private property, but they would have the right to a share of collective earnings, a part of which is distributed according to their quasi-shares.

This would strengthen the members' incentive to manage the land well. If the cooperative were to disband or a member were to leave it, he could take out his land share only by purchasing it, because he did not contribute to its creation, unlike with the growth of the cooperative's other wealth.

In the event of either of these solutions, it could come about that members and pensioners of the cooperatives could buy back their land by paying the pro-rated version of the previous nominal price, adjusted and corrected to take inflation into consideration.

#### The Rights of Inheritors

An increasingly flammable issue is the compensation of peasants who were chased off their land and deprived of their properties. However, this could not become the sole

problem of cooperatives that are now in operation. For example, there is a view according to which the economic strength of the country cannot provide more than moral compensation. Thus, we should settle for recognizing the mistakes of the past and extending apologies to the injured peasants.

According to others, compensation could only be the task of the national budget; after all, the profits produced on lands that were obtained entirely, or almost entirely, free of cost were siphoned off by the national government.

There are even those who feel that people who are still working in an agricultural profession, or who would like to pursue such a profession on a full time basis, should be given back their land.

More and more people are demanding that land property conditions, including the implementation of rightful inheritors, be settled in accordance with the laws in effect after the land reform, that is, in 1947. This would provide justice to those that were deprived, but would be unjust to those who remained in agriculture in spite of the difficult circumstances, and whose work maintained and even improved the level of agricultural production.

By granting this demand, the land could be quite fragmented, which could threaten the standard of production and, given the prevailing circumstances, would also create a buyer's market and falling land prices. We could reduce this threat if we were to distinguish between the rights of owners and those of users. In that case, the transformation of proprietary conditions would not necessarily alter the circumstances of using the land.

International experience also illustrates that in agriculture the incentives involved in cultivating the land are closely related to, and often intertwined with, those of ownership. This is where we would like to arrive, because such a situation would liberate the traditional peasant values and ambitions. This could become the firm basis of a democratic social structure and provide support for the productive activities of local self-government. This would be the only way to break the monopolistic position of large enterprises and establish a diverse institutional agriculture able to adjust to the market's demands.

#### **Who Wants To Manage a Farm?**

But what do those most involved, the peasants, want? Do they want to manage small and medium-sized farms, either as owners or as lessors, facing risks on their own?

Seeing the results achieved by the tens of thousands of already operating private farmers and about a million and a half small producers, we can see that there are agrarian producers ready to undertake the tasks of managing farms, and they can be counted on.

As for opinion surveys and data collecting, those have been undertaken mostly on a local basis and, in spite of the conflicting results, they show that:

- A certain segment of those interviewed definitely want to see the introduction of farm management based on private ownership;
- Another segment is still suspicious and, for the time being, do not wish to express an opinion;
- There are a considerable number who are unable to give an answer or are indifferent.

The cautiousness of peasants is understandable. The routine and the experience of the past 30-40 years have instilled a certain inertia. Many consider it more attractive to pursue small-scale farming on a part time basis, augmenting a salaried employment. There is also much mistrust when it comes to the political circumstances. The spreading of private farms is still subject to numerous administrative conditions, such as the system of taxation or those of social security and retirement, all of which are adjusted to large enterprises and wages.

The issue of resource allocation has not been solved, similarly to the replacement of existing resources with new ones. There is a shortage of capital, and credit is expensive.

The gradual expansion of private farming is a slow process: It will take a decade, or even a generation, before its rational parameters will be established.

Cooperative farm management, if it becomes the cooperation of genuine owners, still remains a promising course. Collective action will continue to be focused on servicing, integrating, and utilizing functions. Only those activities that are superior to the processes pursued on a smaller scale will survive in the large enterprises.

As a result of the above, we can expect improvements in effectiveness, the elimination of waste, and the reduction of the administrative burden. All in all, we may see an improved ability to adjust to the demands of the marketplace.

#### **Survey Shows Farm Lands To Be Reclaimed**

25000676B Budapest FIGYELŐ in Hungarian 22 Feb 90 p 11

[Article by Gabriella Rakoczi: "New Farmers '90"]

[Text] In an effort to prove its views on land reform, the Békés County organization of the Smallholders Party has been collecting land requisition forms in the Stormy Corner for almost a year. Some 20,000 families in the countryside claim a land area of almost 100,000 hectares. This represents 25 percent of the county's total arable land area of 414,000 hectares. If we add to this to the cooperative members' land area which has not been redeemed by the cooperative, this ratio increases to about 60 percent.

According to the requisition forms, people perceive land use in different ways. Some would let their land be managed by the cooperative in lieu of a decent fee, others are thinking about a family farm or cooperative. But there is a significant proportion which want to cultivate the land in the interest of making animal breeding profitable.

Incidentally, only three of those who own more than 100 hectares of land registered. They were told to abandon their land and farms in the 1950's. An estimated number of 100 persons owned between 25 and 50 cadastral acres. The rest of the requisitioners are composed of members of the former small and medium peasant strata. A surprisingly large number of those who had moved away from the county reported, even those persons residing in other areas of the country. Most of these would like to come home to farm, or to give the land to a member of the family who resides in Békes.

Incidentally, the printed forms clearly show the gold crown value of the land, its area, and its number in the land register. All requisitioners were able to present the original of their land registry survey, the notary public's determination as to ownership, and a duplicate of the deed.

The personal views expressed by those adhering to the land deserves mention. They were able to add these comments on the questionnaire. These statements consist of a few sentences and reflect the tragedies and decades-old complaints of individual families.

Mrs. K. M. of Battyanya: "... my father had only 19 acres. On the basis of an offense related to satisfying public needs, he was imprisoned in 1950, and his land was made part of a state farm. We were unable to pay the dues and to deliver the provisions we were told to hand in when my grandmother died in 1952, and thus the 16 acres we inherited from her also became part of the Mezohegyes State Farm. Two of us would be entitled to inherit the above mentioned 35 acres, thus I claim a right only to half of that land. My husband is an agricultural technician; we will make use of the land claimed."

B. Gy. of Oroszhasz: "... the house with a courtyard, and with two farm buildings. A garden and a meadow came with it. They paid nothing for these. Within 24 hours the state confiscated everything. In the pouring rain we were forced to leave everything behind. I would like to cultivate part of the property myself; the other part I would lease for a fee, or would establish another agricultural enterprise."

Mrs. Sz. B., Mrs. T. M., and Mrs. P. M., three heirs, Szarvas: "... all of us are members of the cooperative; we would like to make use of our inheritance in the form of independent cooperation."

P. J., Medgyeshaza: "... we want to establish a family farm on our 38 acres of land."

F. Gy., Medgyeshaza: "... I am a farmer at present, but unfortunately I own no land. They nationalized it by force. I would like to farm on my own land in the future."

B. K. and Mrs. E. R., Pusztafoldvar: "... we own a tractor and three horses. With our son and four grandchildren I would like to make use of our land."

I. K., Okany: "... we would like to have the six acres measured at our farm No. 5006/3 in the land registry, because originally that belonged together as shown in the attached documents."

L. A., Mezohegyes: "... I never stopped farming, at present I have 10 sows, fattening pigs, and piglets. I would like to produce feed for them; I am requesting the return of my land so that I may cultivate it."

Accordingly, the peasant stratum is large in Békes even today—peasants who would like to be their own bosses despite the risks and the unfavorable income situation involved in agricultural production. But will there be means by which the redistributed land may be cultivated? Will the secure domestic food supply be endangered if land is distributed instead of production? Will the private farmers owning a few hectares of land be able to compete with large plants? One wonders how many of them would really want to cultivate the land, and how many would like to make a profit?

Most of the answers given to these questions are unfortunately rather politically motivated, and therefore are not based on the actual condition of the economy. Based on information gathered in Békes County, it appears likely that only those who have the means needed to instantly begin farming the land would be willing to do so.

It is likely that most claimants will demand a joint form of cultivation within a cooperative. But actually, this could be the seedling of a cooperation based on new foundations, one that is able to build on the capacity provided by the means that can be found at large plants. The constraint that exists in producer cooperatives to make an income also affects mutual cooperation. It would be simply inconceivable that large plants would decline providing such services, perhaps on grounds of political considerations. As a result of land areas being taken back, the utilization ratio of large plant machinery would deteriorate, and high constant costs can easily create losses.

The level of food supply provisions is not expected to deteriorate. This is because a large part of those who receive land will be able to produce animal feed at a lower cost.

Just which farming formation will be the winner of the anticipated competition is hard to predict for the time being. The fact is that private farms consisting of a few hectares indeed have no future, because they are not viable in a modern market economy.

In any event, anticipated unemployment, accelerating inflation, and the bankruptcy situation of the economy will stimulate those who own lands to claim the return of their unjustly confiscated property, or land expropriated in lieu of the payment of pennies, even if they do not want to cultivate that land. In the transition period even a tiny piece of land conveys the sense of a certain security. Aware of the opportunity to satisfy the needs of everyday life, it is easier to coexist with the threat of unemployment.

**Securities Exchange: New Rules for Listing, Trading**  
**90EC0323A Budapest HETI VILAGGAZDASAG**  
**in Hungarian 13 Feb 90 p 76**

[Unattributed article: "Listing Stocks: Baring the Figures"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] In Hungary, perhaps uniquely in the world, a capital-starved firm is able to float stocks in such a way that the firm itself determines how many of its cards it shows to those after whose money it is hankering or whose money it is already using. The system of rules for listing and trading that the Budapest Securities Exchange has introduced is intended to protect investors, promote the development of realistic market prices, and lend credibility to the market.

More and more securities exchange experts have been urging an end to the masquerade ball, letting everyone see with whom they are dealing. The experts' primary concern is that the masks shroud reality in secrecy that could hurt investors. But such concern is based on sound reasoning: Anyone who feels defrauded once will hardly buy stocks or bonds again. As a result, the capital market that is just starting to form buds would be nipped, and property reform would drown in mistrust.

This concern is by no means unfounded. The fact that already this year the tax system is offering tax benefits to investors in securities could stimulate the public's interest in, say, stocks; and this interest might be combined—practically in an ideal manner—with the growing interest in founding corporations. At present, however, the enterprises that are constantly complaining about the economic restrictions placed upon them are enjoying virtually unlimited freedom in at least one area: There is no regulation prescribing who may issue securities, how, and under what conditions, notably stocks. This great freedom is placing the investor in serious jeopardy: In the absence of suitable information, he is buying what practically amounts to a pig in a poke. The shady dealings of the Radius Hungaricus Corporation, which created a sensation in the daily press, demonstrate how urgent the need is for regulations to protect investors.

The draft of the Securities Law that will be introduced in Parliament at the end of January, but which will become effective only at a later date, will probably fill a large part of the yawning regulatory void. In recent weeks, however, the experts midwifing the Budapest Securities Exchange have

introduced rules of this type that will act as a sort of second line of defense, backing up the Securities Law. Entitled "Conditions for Listing and Trading Securities on the Exchange," the rules approved by the Council of the Securities Exchange are modeled on the rules of developed exchanges abroad. These rules will not only apply to rating the quality of future issues, but will also serve as a guide to issues that have been traded for years. As the Securities Trading Secretariat (EKT) emphasizes: "The ratings, of course, are not based on how much profit this or that security yields. Instead, the criteria for rating securities are how much information is available about individual issues and their trading, how detailed and how reliable such information is, and how active the trading in which the prices develop is and can therefore be said to be influenced less by random factors; in other words, how realistic are the market valuations that the prices reflect."

The rules assign the securities that can be traded at all on the exchange into two categories: one broader and the other narrower. The securities that are unlisted but can nevertheless be traded on the exchange belong in the first category, while securities that are specifically listed comprise the other category. The unlisted securities that can be traded on the exchange have to meet only certain basic requirements: Generally speaking, the value of the issued securities must exceed 10 million forints and must represent at least 10 percent of the value of all the securities authorized. The additional requirement for unlisted stocks is that the corporation's authorized capital must be at least 30 million forints; furthermore, stocks must have been issued for at least 10 percent of the authorized capital or must be distributed among at least 50 stockholders. The requirements are stricter for the securities whose issuers apply for a specific listing on the exchange: The value of the issued securities must exceed 50 million forints and must represent at least one-fourth of the value of all the securities authorized. And in the case of stocks that are to be listed, the corporation's authorized capital must be at least 100 million forints, and stocks must have been issued for at least 25 percent of the authorized capital or must be distributed among at least 300 stockholders.

The basic requirements do not include any minimal trading volume on the exchange, but in the case of listed securities the value of the volume traded during the preceding year must exceed a certain percentage of the value of the issued securities. To apply for the listing of its securities, a firm must have completed at least its first business year and must be able to present an annual financial statement certified by an accountant who is on the exchange's approved list of accountants. The securities cannot be listed if the firm issuing them has undergone liquidation or reorganization during the past two years (but the unlisted securities of such a firm can be traded on the exchange). Listed securities must be traded only on the exchange; their trading in the street is prohibited.

Among the most important provisions in the rules are the ones that regulate the obligation to continually

provide detailed information regarding both categories of securities: Several dozen sections specify what information has to be included in the so-called prospectus that must accompany an application to allow trading in a security on the exchange. Such information ranges from detailed figures on the issuing firm's production, sales, financial situation, and research and development; through the personal data and qualifications of the firm's officers; to stating the reasons for issuing the securities and the circumstances under which they were issued. The issuers of traded securities must also file annual reports of nearly the same detail with the exchange. Moreover, any important changes that might affect trading in a security and its price must be reported to the exchange even during the year. The exchange, of course, must immediately make public any requested information it receives.

There is an initial fee of 100,000 forints, as well as a continuing annual fee, for allowing trading in an unlisted security on the exchange. Over and above this, there is a listing fee for listed securities: generally 100,000 forints, but 300,000 forints in the case of stocks. Government securities issued by the state budget are exempt from all the rules. The exchange lists and trades such securities automatically and free of charge. The underlying justification of this exemption is that the state is contributing substantial financial resources toward establishing the securities exchange.

It is evident that the new rules have been drafted primarily with new stock issues in mind. As of the beginning of this year, according to a resolution adopted by the Council of the Securities Exchange, trading in new stock issues will be allowed, or such issues will be listed on the exchange, only if they conform to the new rules. But Ilona Hardy, the head of the Securities Trading Secretariat, has indicated that the issuers of the listed or unlisted securities already being traded on the exchange will also have to comply with the new rules retroactively, and that after 31 December 1991 it will be possible to trade on the exchange only the securities that conform to the new rules.

#### National Association of Manufacturers To Be Formed

25000676A Budapest FIGYELO in Hungarian 15 Feb 90 p 10

[Interview with Hungarian industrialist Peter Zwack, place and date not given: "Peter Zwack Establishes GYOSZ"—first paragraph is FIGYELO introduction]

[Text] The former leader of the National Association of Hungarian Manufacturers [GYOSZ] and younger cousin of Ferenc Chorin, the long time president of GYOSZ and son of the owner of the Unicum distillery, wants to revive the interest group which functioned between the years 1902 and 1947. Peter Zwack returned to Hungary in 1987. He repurchased part of the nationalized distillery so as to gradually reestablish his distillery operations in Hungary. Presently they are flourishing abroad.

[FIGYELO] What kind of GYOSZ do you want? The interest representation of large Hungarian industrial capitalists, or something else?

[Zwack] The way I see it, today's GYOSZ would be different from its predecessor in that it would attract Hungarian and foreign small and large entrepreneurs, private and state-owned firms, and private individuals, who or which function in Hungary to the country's and their own benefit. As with all similar Western organizations, GYOSZ would be independent from the government. Only in this way could it function successfully. It would also have to preserve its independence from all kinds of governmental authorities and parties, even from the Hungarian Economic Chamber and other interest group alliances. I may mention the Italian pattern as an example. Confindustria is a private, independent trade union; it sustains itself from membership dues paid by producers, and represents small industry, which is the backbone of Italian industry. Alongside we find the Camara de Comercio, an advisory body that depends on the Italian Ministry of Industry. It is similar to the Hungarian Economic Chamber.

[FIGYELO] To what extent would your GYOSZ be different from other enterprise or entrepreneurial interest representation organs presently functioning?

[Zwack] First of all, as I mentioned before, this would be a private organization, representing the interests of its members vis-a-vis the government. On the other hand, as a private organization it could provide representation abroad even for the government, thus helping the country to acquire significant foreign private capital. GYOSZ could help governmental work by providing economic advice and suggestions. And it would certainly become a recognized organization on an international scale. I would like to see, in fact, through my network of friends I would like to encourage as many joint enterprises and foreign investors as possible to join GYOSZ, because the mood of foreign investors may be significantly enhanced through their contacts. The "capital in doubt" may be won over.

[FIGYELO] Why do you think that the small amount of foreign capital present in Hungary would need interest representation, and that they would pay membership dues for this purpose, that they would agree to undertake a mission in this regard?

[Zwack] I will argue by saying that they should invest in Hungary if they want to work in Hungary. It is no coincidence that foreign firms feel strange about bringing their capital to Hungary at a time when they see that the system is not functioning well. And once that capital has been attracted, it is in the elementary interest of that capital to accomplish an upswing in a small country. Tax reform is missing, land reform is being awaited, and privatization has not taken place. GYOSZ would hasten the accomplishment of these changes.

[FIGYELO] These days we have succeeded in generating some adverse sentiments for capital entering Hungary by

showing negative examples resulting from selling out part of the state property. How can confidence in Hungarian public life be repaired?

[Zwack] Establishing GYOSZ is only part of my plan. As I mentioned already, if we lure capital, it is in the interest of such capital to work in a favorable economic fiber, and to operate with employees who receive high level social services and enjoy an appropriate standard of living. A foreign firm will gladly donate funds for social purposes—even though this term is highly undesirable—just as has worked in every country where donated funds may be deducted from taxes. I notified the prime minister that I could establish a 1-billion-forint foundation within a short period of time, provided that changes in the tax system enable me to deduct to a certain extent funds donated for social purposes, for halting impoverishment. The deduction should be made from my taxes, and not only from the tax base. I am looking forward with great interest to receiving the prime minister's response.

[FIGYELO] What would GYOSZ' relationship with employees be?

[Zwack] Along the patterns of GYOSZ' Austrian sister organization, in a certain sense it would also represent workers' interests. Satisfied employees are also in the interest of entrepreneurs. Employer-employee conflicts may be resolved inside the gates; they must not expand into conflicts between the government and workers. Employers must sit down to negotiate with trade unions.

[FIGYELO] What would you have to offer to make GYOSZ membership more attractive to Hungarian entrepreneurs?

[Zwack] I have already mentioned effective interest representation vis-a-vis the government. Quite naturally, similar allies in the West are more inclined to accept GYOSZ as a negotiating partner than the Hungarian Economic Chamber, a government organization which thus far has concentrated mostly on commercial relations and trade fairs. GYOSZ will have leaders with international connections. Foreign capital is more inclined to negotiate with private organizations. The evolution of flourishing business relations and the referral of partners will be the result of this. GYOSZ would organize on a territorial basis and would be stratified on the basis of trades. It would exert strong influence on the formulation of industrial policies.

[FIGYELO] What makes you think that you will succeed in registering GYOSZ, when the court rejected a similar initiative the other day.

[Zwack] I would think that the court rendered this decision because that registration was initiated by the state, by a ministry. Based on the law on associations, they cannot reject a private initiative. The guarantees which reassure me have been made a solid part of the Hungarian legal system.

[FIGYELO] When can we expect to see GYOSZ established?

[Zwack] We may start on our way with ten entrepreneurial ventures. I am trying to win the confidence of as many as possible Hungarian and foreign entrepreneurs for this cause. Anyone who agrees with the need for such an organization should join. We will establish the operating conditions and the size of membership dues jointly.

#### Unemployment Compensation: Added Benefits in Critical Areas

90EC0324A Budapest HETI VILAGGAZDASAG  
in Hungarian 13 Feb 90 pp 69-70

[Unattributed article: "Unemployment Assistance: Take the Money and Get Lost!"]

[Text] Starting on 1 January, Hungary's unemployed will be entitled to a state-provided severance payment as well as a relocation loan, provided that they lost their jobs in so-called "critical employment districts." For the time being, there is only one such a district: Due to the gradual phasing-out of uranium mining, 50 settlements in Baranya and Tolna have been designated "disaster areas."

The militant protest actions staged last year by the uranium miners of the Mecsek region have been justified; after all, it was revealed today that of all Hungarian workers threatened by unemployment, they will be relatively well off in facing the uncertain future. What happened was that, as early as 28 November last year, the National Council for Reconciling Interests (OET) designated the region involved in the mining of uranium as a "critical employment district." This measure will be of interest to the nearly 7,000 uranium miners who live around the communities of Pecs, Komlo, Szentlorinc, and Bonyhad.

Starting with 1 January, this reclassification will also have concrete advantages: Workers in the region will be entitled to greater-than-average state assistance. In accordance with a 22 December decree of the Council of Ministers, after the beginning of this year, the jobless living in regions designated by the OET as critical will be able to claim certain additional assistance, not available in other regions of the country. Although the decree leaves it up to the OET to designate critical regions, it provides a certain amount of guidance. According to it, the measure could be applied to a district (defined for the purpose of this decree as "an area falling within a one-day commuting distance") where at least one thousand jobs are eliminated within one year and at least one-quarter of the people thus becoming jobless can find no suitable employment. Another way for a district to qualify is when, due to the disappearance of job opportunities, the number of those eligible to receive unemployment assistance is expected to equal five percent of the number of active wage earners in the district.

According to the decree, once the OET made its decision, the government determines the amount of money that can be taken out of the Employment Fund and earmarked as additional aid for each "disaster area." This year, 500 million of the 8 billion forints available will be put aside for those in Baranya County. This sum will provide the money required for state-sponsored severance payments and relocation loans. However, the decree is only a framework; following the example of the OET, the government entrusts local organs for reconciling interests to work out the details. Last year Baranya County set up a Regional Reconciliation Forum, under the leadership of the county council's deputy secretary, incorporating representatives of the government, the local councils, the employers, and the established trade unions.

Even though the decree does not go into details, it sets quite strict preconditions, and it is possible that it will not gain acceptance by all of the uranium miners. For example, the state will make a severance payment only to those who have spent ten years working for their most recent employers. (Clearly implying uranium miners, this condition is reduced to five years in jobs exposed to radiation.) Money can be allocated only if the position is eliminated; in other words, those who are dismissed for disciplinary reasons, those who change jobs, and those who leave on their own are not eligible to receive severance pay. Similarly ineligible are those for whom the employment agency can obtain suitable jobs, or those who can apply for pension payments on account of age or disability. The maximum size of severance pay is set at 24 times the employee's average monthly wage; however, the local reconciliation boards may adjust this amount downward, in accordance with time spent on the job or previous working conditions. No retirement contribution is deducted from this severance pay; as a consequence, it cannot be used to determine the size of pensions, but it is subject to taxation. (At the same time, if the money is invested in an enterprise, the general regulations apply; that is, it is not subject to taxation as long as it remains in the enterprise, in stocks or shares.) Naturally, the recipient of severance pay is not eligible for unemployment assistance unless he has worked for three times as many months as he was paid severance pay for. (In other words, if one was paid two years' average pay as severance, he is made ineligible for unemployment assistance for six years.) It was just before Christmas that the Baranya County Regional Reconciliation Forum decided on the method of severance pay for the Mecsek region's ore mines (that is, the uranium mines.) Accordingly, those working in a job exposed to radiation would have to have worked at least 10 years in order to receive a severance pay equal to 24 months' wages, while those not exposed to radiation needed 25 years on the job. At the same time, there is still no reliable estimate as to when the uranium miners will receive their severance pay.

The decree also introduced the long-demanded relocation loan; according to this provision, those jobless who

accept a relocation within the country are eligible to receive interest free loans in the amount of up to 500,000 forints. (The decree stipulates a condition: The jobless worker who cannot find employment locally must accept an offer of new employment outside the "three-hour commuting radius.") Such a loan is independent of the traditional dwelling place loans provided by the state or the employer, and it will be offered by the new place of employment. This loan is given for ten years; it cannot be written off or reduced, and the recipient must begin repayment within three months.

The decree also makes it possible for someone residing within the districts so designated to receive, as "allotments to aid the start-up of an enterprise," an in-kind assistance (such as machinery), valued at no more than 200,000 forints, from the state. Within these districts, the Employment Fund also covers the extra expenses of early retirement in extraordinary cases that promote employment, and it can assume the burden of paying social security contributions on behalf of those who fill the newly created jobs.

Even though the decree became effective on 1 January, it can also apply to those in Baranya County whose employment ceased last year, but no earlier than 31 August. At the same time, we have also been told at the National Bureau of Wages and Labor Affairs that there are plans to declare the region of Batonytereny and Egereschi-Recsk "disaster areas," (because of the situation in coal mining), as well as Ozd and its region (because of the layoffs in the metallurgical industry).

#### Unisys Distributorship Established

90EC0341B Budapest NEPSZAVA in Hungarian 6 Feb 90  
p 4

[MTI report: "High Technology From America"]

[Text] SZUV, the Computer and Office Automation Enterprise of the Central Bureau of Statistics, has signed an agreement with Unisys World Trading Corporation to distribute the internationally renowned computer company's products in Hungary.

Unisys's entry into the Hungarian market is of exceptional importance to our country, because the company supplies extremely important and widely used systems software. Sales of Unisys products in Hungary are expected to reach \$1 million in 1990.

#### National Planning Office Official Explains Mortgage Tax

25000658B Budapest NEPSZAVA in Hungarian 12 Feb 90  
p 5

[Interview with Dr. Zsolt Oszlanyi, National Planning Office deputy division chief, by Erzsebet Nograd Toth, place and date not given: "The Law Is Legitimate! Many Believed What They Were Told To Believe, or 'Who's Going To Swallow the Frog?'"—first paragraph is NEPSZAVA introduction]

[Text] The December session of the National Assembly passed a law concerning the taxation of state housing loans this year. The law offends hundreds of thousands of people; it pushes thousands into bankruptcy because of their already critical living conditions. There are some who regard the process as illegal; they accuse the financial institutions which provided the loans of breach of contract. Others regard the new governmental measure which cripples families as immoral. An anterior motive is also suggested by the fact that the above-mentioned legal provision became known to the public as a "mortgage interest tax," but once the National Savings Bank mailed the notices it turned out that the law prescribes a 50-percent and a 100-percent tax on monthly installment payments, and that it is not a tax on the interest. Many asked: What kind of proceeding is this? This was our first question to Dr. Zsolt Oszlanyi, National Planning Office deputy division chief.

[Oszlanyi] It is obvious that my response cannot be reassuring. If a person figured that his two-three percent interest would increase by between 50 and 100 percent, it is obvious that he counted on a small increase of the burden. Accordingly, at this point I would say that even at the moment the law was passed a percentage increase of the interest was not the issue; the word of this has spread as a result of a misinterpretation of information. Several alternatives preceded the writing of the law. For example, one proposal held that the interest rates should be increased to the present market rates, which by now exceed 20 percent, and another proposal suggested that a uniform fixed tax be introduced. In the end, the solution presented to the government contains the alternative which we considered to be most fair under today's circumstances.

[NEPSZAVA] Could a unilateral change in an earlier contractually agreed-upon obligation be regarded as acceptable?

[Oszlanyi] Yes. I regarded the prior situation as immoral. In this country there is only one who carries the burden: the citizen. Budgetary revenues come from the citizen, and from such revenues the state budget provided 40 billion forints in interest subsidies to financial institutions last year because of changing interest rates and inflation. On the other hand, no one knows how many of the 1.5 million borrowers earn a high income, and how many are poor.

[NEPSZAVA] I would think that the majority are not rich, because had they been rich they would not have needed need a loan, or they would have taken advantage of opportunities which provide significant preferences to the repayment of loans. And here is another question, one that also belongs to the world of ethics. We are talking about those who build their apartments, the ones who feel that the state has cheated them. They believed that since they provided for establishing their own homes and took the burden of housing provisions off the state's shoulders, that they would receive benefits.

[Oszlanyi] I can identify with this question. Many believed that housing construction is the state's job. But as it turned out some time ago, this could not be resolved; there are not enough council rental apartments, and therefore everyone, exceeding his own strength, must establish housing for himself. As a result of this the lower income groups were also forced to purchase apartments, to build their family homes.

[NEPSZAVA] The latter feel doubly offended, because they have not been entitled to social policy benefits for a long time.

[Oszlanyi] Indeed, those who built homes prior to 1983 did not receive social policy provisions. But do not ask me why. In my judgment, 10 percent of residential construction loans were established prior to 1983. I could say that one should turn to the councils with equitable requests. That is, according to the National Assembly decision, the councils must develop a support system which adjusts excess burdens to actual family income. Incidentally, significant funds were set aside within the budget for these subsidies.

[NEPSZAVA] How much in revenues do you expect to collect as a result of the housing loan tax?

[Oszlanyi] The budgetary burden will be reduced by between 10 and 12 billion forints. These savings will also be deposited in the fund set aside for housing purposes, and will be returned in some way to the needy.

[NEPSZAVA] Are you able to determine who of those that are now being taxed is in need of support?

[Oszlanyi] In my view this law does not really provide a good solution. Its first flaw is that it is capable of recovering only a small part of the 40 billion forints. Observing need was considered to be a secondary issue as long as the inflation rate was four to five percent, because the credit financing of the budget amounted to 5 billion forints. But now subsistence difficulties have placed the necessity of tracking need into the forefront. The other flaw of the law, in my view, is that it is incapable of taking a broad view of social policy considerations; there is no real measurement of need.

[NEPSZAVA] In regard to married couples in which one of the parties has become handicapped during the past decades, both the decree and the practice are ambiguous. According to estimates, some 50,000 handicapped pensioners are struck by the law because, although a 50-50 percent ownership was recorded in their name, and although the National Savings Bank [OTP] loan burdens that couple on a 50-50 percent basis, the OTP does not split the housing loan tax between the two. The OTP names as the debtor the person who was first to affix his signature to the sales contract. And unfortunately many of those who were second to sign have become handicapped.

[Oszlanyi] This is a result of a lack of attentiveness on the part of legislators and those who sent out the notices

at the OTP. Each person may obtain legal remedy to this if he personally follows up on this matter. In implementing this law they must act consistently with the spirit of the law.

[NEPSZAVA] I find this solution to be odd, making 50,000 people organize a siege at the OTP offices and the tax authorities—there is already a tremendous burden on sick people.

[Oszlanyi] Please. You have my promise that we will initiate the simple settlement of this matter at the Ministry of Finance, the tax authorities, and the councils.

[NEPSZAVA] I have one more question left that is of serious concern. Our editorial office has received numerous letters in which people complain that the already low 4,300-forint income criterion per family member includes social welfare provisions, alimony, and

family supplements. In other words, these types of income are also subject to taxation.

[Oszlanyi] In introducing the tax, we followed the principle of including funds which actually flow into the family coffers. Had we left out family supplements, for instance, we would have had to change the 4,300-forint income criterion.

[NEPSZAVA] The law went into effect on 1 January, and stays in force until 31 December of this year. What is the explanation for this?

[Oszlanyi] We made our calculations on the basis of this year's possibilities, while on the other hand we considered the fact that soon the country will have a new parliament and a new government. We felt that the new government will have the authority either to affirm or to change the law concerning the taxation of housing loans as sanctioned by the present parliament.

## GERMAN DEMOCRATIC REPUBLIC

### Trade Unions Grope Toward New Form

90EG0183B Munich SUEDDEUTSCHE ZEITUNG  
in German 13 Feb 90 p 3

[Article by Christian Schneider datelined Gera, in February: "Helpless Search for Lost Confidence"]

[Text] Victories can have a bitter taste. The 16 individual trade unions in the GDR, gagged for decades by the SED [Socialist Unity Party of Germany] and its extended arm, the FDGB [Free German Labor Union Federation], have just regained their independence again at an extraordinary delegate conference in East Berlin, but instead of jubilation, the predominant feelings are bafflement and a sobering sense of reality. How, for example, is the new beginning supposed to be launched when the basic financial means of support for a functional employee organization are totally lacking? At the moment, Klaus Reichert, chairman of IG Metall for the Gera Bezirk and also deputy head of the FDGB, has no idea "how we are going to meet the next salary checks." Following the mismanagement of the FDGB, which allowed the contributions of its approximately 18.6 million members to disappear into dubious channels, the individual unions are now left with empty coffers.

It is still completely unclear which functionaries and which secretaries will retain their positions with the union. The organization will have to be totally restructured. This will pose the question for many of how to earn a livelihood, if the union bezirks are consolidated into Land associations with fewer personnel. There is little motivation for the functionaries to subject themselves to this task. Who wants to advocate the abolition of his own job?

Reichert talks with a few intimates about "complicated things that we now have to bring under control." It hardly seems that they can succeed by themselves. On the one hand the IG chairman in Gera is happy to be finally in a position "to do what we think is right." But on the other hand there is total confusion about how any solution can be found to the problems that are now piling up everywhere. Whatever had to be done has been decided up until now by the FDGB leadership in faraway Berlin, without the subordinate branches at the bezirk and kreis level ever having been consulted. Even worse: "The union has been the tool of the party." This comes from Betty Loos, who had been sent by her factory, the VEB [state enterprise] Hermsdorf Ceramic Works, as a delegate to the extraordinary union congress in East Berlin and who is now regarded as one of the best hopes for establishing a new union movement in Gera.

At a meeting with representatives of IG Metall from Bavaria, Harry Mueller, chairman of a "Factory Union Management Group" (BGL) from the VEB Ceramic Works, describes previous union work: "Before we just

sat in our offices to compile statistics and write reports for central office." As a result of this kind of work, it is now clear that the real problems of workers and employees were lost sight of, someone else was always responsible. In order to compensate, the BGL felt itself responsible for the organization of sporting and cultural events, primarily the distribution of positions at one of the FDGB vacation sites. In wage policy, however, adds Betty Loos, the union "failed completely." Wages and the division into wage groups were prescribed by the ministries and simply approved by the FDGB. The individual unions were not even involved. "They were simply puppets being manipulated," says Betty Loos.

The result of the old way of thinking can be observed at the VEB Ceramic Works in Hermsdorf. The factory, with about 7,700 employees, which produces parts for the microelectronics industry in the Soviet Union, has degenerated to such an extent and is so ineffectively organized that the union guests from the West can only look and be amazed. The sins of the past are now being visited on the attempt to build a new union movement in the GDR. "We have cadre problems," says Christine Hengst, provisional head of the factory union group. No one wants to run as a candidate in the upcoming new elections within IG Metall in the Gera Bezirk. The union's painful insight into itself says: "We have lost the trust of the workers."

During the evening discussion in the FDGB guest house on the outskirts of Gera, Joerg Bronisch, deputy IG Metall president for the bezirk, weighs matters self-critically: "Until now we did everything in secret and worked without our members. That is our problem." Now the insight is dawning that "we need the members," but the functionaries do not know how they are supposed to reach the grass roots. Not only are the funds lacking—"we do not even have paper or typewriters"—ideas are also in short supply. The helplessness is palpable. Again the phrase: "We have lost the trust of our members, they do not believe a single word we say any more."

### Search for Information

Because the union apparatus has nothing to offer, grass roots organizations themselves are trying to discover, by means of brief visits to the FRG, how unions have to be organized and what their tasks are. In the administrative office of Bavarian IG Metall in Bayreuth almost 100 visitors from the GDR come daily with these types of questions. When they leave, Werner Neugebauer, president of IG Metall in Bavaria, says: "Take everything that is printed, the need for information is enormous."

In the meantime, the West German unions have a deep-rooted interest in helping their colleagues in the GDR to get on their feet. Whether it is in front of union shop stewards in the packed town hall meeting room or later in a smaller gathering in the cultural

house, almost imploringly Neugebauer gives the watchword, "we have to prepare together for Day X." The union boss from Bavaria, who has detected "a great deal of frustration and lack of orientation" in his guests from the GDR, advises them not only to process the past, but also to direct their gaze ahead. He told them that if West German enterprises were soon preparing to enter into joint venture agreements with factories in the GDR, there would "have to be strong unions, capable of fighting." There is an uneasy silence in the room when Neugebauer announces: "They will give you nothing for free."

The union members from Germany West are concerned that their colleagues from Germany East, still inexperienced in wage negotiations, will "be thrashed," when West German capital moves into the East very soon. Neugebauer's warning is: "What you give away now, you will not get back so quickly." On the other hand, concessions now on the part of GDR unions after "Day X" could drag the unions from the FRG into the brouhaha. Tendencies in this direction can already be detected.

Because the unions are not generally regarded as effective participants in a discussion, growing numbers of directors of state-owned factories are throwing out the lure of establishing factory councils, for which there are no legal foundations, much less precise definitions of their tasks and rights. In Gera and Hermsdorf Werner Neugebauer was forced to conclude that many believe that factory councils rendered unions superfluous. Already union-free factory councillors from the FRG are flooding the GDR to propagate separation from the unions as a panacea. The West German unions intend to counter this with an intensified supply of information in the form of weekend seminars in the GDR, particularly since there is a profound lack of knowledge in the GDR concerning the socio-political interplay between unions and entrepreneurs in a free market economy. "We have," in Neugebauer's words as he left Gera, "a great deal of work ahead [of us]."

## HUNGARY

### Paks Nuclear Waste Dump Construction Barred

90EC0341E Budapest NEPSZABADSAG in Hungarian  
3 Feb 90 p 15

[MTI report: "Minister Bars Nuclear Waste Dump"]

[Text] There will be no nuclear waste dump in Ofalu for the time being, because the minister of social welfare and health has rejected the Paks Nuclear Power Plant Enterprise's appeal.

In his decision issued on 5 June 1989, the state chief inspector of health and epidemiology denied the nuclear power plant's application for a permit to build the waste dump. The plant's director general appealed to the Council of Ministers to review the decision, but now the minister concerned has upheld the chief inspector's earlier decision.

It will be remembered that, in conjunction with the proposed nuclear waste dump in Ofalu, intense professional debate flared up over the wells, springs, and streams close to the intended site. One of the main objections raised by a body of independent experts opposed to the project on professional grounds was that wells and springs were located closer to the site than the pertinent standard allows. According to the standard, a permanent nuclear waste dump must be located at least 500 meters from wells, springs, and streams. In its reasoning, the minister's decision points out that as long as this standard remains in force, a variance must be obtained before a building permit can be issued. The Paks Nuclear Power Plant Enterprise did not obtain a variance, because it had accepted as authoritative a report prepared by an ad hoc committee of the Hungarian Academy of Sciences. The report found that the wording of the standard's provisions regarding wells, springs, and streams was superficial, and that the distance restrictions should apply only to sources of drinking water. But the findings of a committee of the Academy of Sciences cannot rescind a standard; only the government organ that issued the standard originally has the authority to rescind it.

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